



## **AGENDA**

Regular Meeting of the Board of Directors

November 13, 2012

6: 00 PM

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### **CALL TO ORDER**

### **PLEDGE OF ALLEGIANCE**

### **ROLL CALL OF DIRECTORS**

Anthony J. Lima, President

Szu Pei Lu-Yang, Vice President

Robert W. Lewis

John Bellah

Teresa P. Rios

### **ADDITION(S) TO THE AGENDA**

#### **PUBLIC COMMENT ON NON-AGENDA ITEMS**

*Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.*

*Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at P.O. Box 8460, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.*

*Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.*

*Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 S. Fullerton Road, Rowland Heights, CA 91748.*

## **Tab 1 CONSENT CALENDAR**

*All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion, unless separate discussion is requested.*

- 1.1 Approval of the Minutes of Regular Board Meeting held on October 9, 2012**  
*Recommendation: The Board of Directors approve the Minutes as presented.*
- 1.2 Approval of the Minutes of Special Board Meeting held on October 30, 2012**  
*Recommendation: The Board of Directors approve the Minutes as presented.*
- 1.3 Demands on General Fund Account for October 2012**  
*Recommendation: The Board of Directors approve the demands on the general fund account as presented.*
- 1.4 Investment Report for October 2012**  
*Recommendation: The Board of Directors approve the investment report as presented.*
- 1.5 Water Purchases for September 2012**  
*For information purposes only.*
- 1.6 Calendar of Events for November and December 2012**  
*For information purposes only.*

**Next Special Board Meeting:** November 27, 2012  
**Next Regular Board Meeting:** December 11, 2012

## **Tab 2 ACTION ITEMS**

*This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.*

- 2.1 Review and Approve Directors' Meeting Reimbursements for October 2012**  
*Recommendation: The Board of Directors approve the reimbursements as presented.*
- 2.2 Review Draft Financial Audit Report for Fiscal Year 2011-2012 Prepared by White Nelson Diehl Evans LLP**  
*No recommendation provided.*
- 2.3 Review and Approve Rowland Water District's Statement of Operations Ending September 30, 2012**  
*Recommendation: The Board of Directors approve the Statement of Operations.*

- 2.4 Review Rowland Water District's Quarterly Investment Report as of September 30, 2012**  
*No recommendation provided.*
- 2.5 Receive and File PWR Joint Water Line Commission Audit Report for Fiscal Year 2011-2012 Prepared by White Nelson Diehl Evans LLP**  
*Recommendation: The Board of Directors approve the receipt and filing of the PWR financial audit for fiscal year 2011-2012.*
- 2.6 Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**
- Urban Water Institute Spring Water Conference  
February 20 -22, 2013

**Tab 3 LEGISLATIVE INFORMATION**

**3.1 Updates on Legislative Issues**

**Tab 4 REVIEW OF CORRESPONDENCE**

- District Response to Stephen Y. H. Su, Ph.D. re Proposition 218 Rate Hearing

**Tab 5 COMMITTEE REPORTS**

- 5.1 Three Valleys Municipal Water District (Directors Lu-Yang/Lima)**
- Minutes of the Regular Board Meeting held October 7, 2012

*There are no tabs for the remainder of the meeting.*

- 5.2 Joint Powers Insurance Authority (Director Lewis/Mr. Deck)**
- 5.3 Association of California Water Agencies (Directors Lewis/Bellah)**
- 5.4 Project Ad-Hoc Committee (Directors Lima/Lu-Yang)**
- 5.5 Regional Chamber of Commerce (Directors Lu-Yang/Lewis)**
- 5.6 PWR Joint Water Line Commission (Directors Lima/Bellah)**
- 5.7 Puente Basin Water Agency (Directors Lima/Lewis)**
- 5.8 Sheriff's Community Advisory Council (Directors Lu-Yang/Rios)**
- 5.9 Rowland Heights Community Coordinating Council (Directors Bellah/Rios)**



## Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

- 6.1 **Public Relations** (Ms. Perea)
- 6.2 **Personnel Report** (Mr. Deck)
- 6.3 **Engineer's Report** (Mr. Carrera)

## Tab 7 ATTORNEY'S REPORT (Ms. Morningstar)

### Tab 8 **CLOSED SESSION**

- a. **Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8**  
Property: Purchase of Water Rights in the Central and Main San Gabriel Basins  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Petersburg, L.P.  
Under Negotiation: Price and Terms
- b. **Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8**  
Property: Lease of Water Rights in the Main San Gabriel Basin  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Covina Irrigating Company  
Under Negotiation: Price and Terms
- c. **Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8**  
Property: Lease of Water Rights in the Main San Gabriel Basin  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Sierra Water Group  
Under Negotiation: Price and Terms
- d. **Conference with Real Property Negotiator Pursuant to Government Code Sec. 54956.8**  
Property: A Portion of the Parcel at 1015 Nogales Street, Rowland Heights, Ca APN# 8264-021-028  
Negotiating Parties: John A. Rowland, Jr., Trustee  
District Negotiator: Ken Deck, General Manager  
Under Negotiation: Price and Terms of Sale



**Directors' and General Manager's Comments**

**Future Agenda Items**

**Late Business**

*No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.*

*Next Special Meeting of the Board of Directors: November 27, 2012*

*Next Regular Meeting of the Board of Directors: December 11, 2012*

**ADJOURNMENT**

President Anthony J. Lima, Presiding

**1.1**



Minutes of the Regular Meeting  
of the Board of Directors of the Rowland Water District

October 9, 2012 - 6:00 p.m.  
Location: District Office

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**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF DIRECTORS**

President Anthony J. Lima  
Vice President Szu Pei Lu-Yang  
Director Robert W. Lewis  
Director John Bellah  
Director Teresa P. Rios

**ABSENT:**

None

**OTHERS PRESENT:**

Janet Morningstar, Legal Counsel  
Dan Horan, Three Valleys Municipal Water District  
Joe Ruzicka, Three Valleys Municipal Water District  
Kirk Howie, Three Valleys Municipal Water District  
Erin Gilhuly, CV Strategies  
Alex Altman, CV Strategies  
John Rowland, V, Resident  
David and Teri Malkin, Residents  
Harry Peterson, Resident  
Sheng Lin, Resident  
Stephen Su, Resident  
Arturo Aldana, Resident  
Jose Aldana, Resident  
Yuehwa Chien, Resident  
Chuck Johnson, Resident  
Michael Cheng, Resident  
David and Margaret Tobin, Residents



**ROWLAND WATER DISTRICT STAFF:**

Ken Deek, General Manager  
Ted Carrera, Assistant General Manager  
Rose Perea, Director of Administrative Services

**ADDITION(S) TO AGENDA**

None.

**PUBLIC COMMENT ON AGENDA ITEMS**

None.

**Tab 1 - CONSENT CALENDAR**

Upon motion by Director Robert W. Lewis, seconded by Vice President Lu-Yang, the Consent Calendar was approved as presented. The motion was unanimously carried.

**The approval of the Consent Calendar included:**

**1.1**

**Approval of the Minutes of Adjourned Board Meeting Held on September 18, 2012**

**1.2**

**Approval of the Minutes of Special Board Meeting Held on September 29, 2012**

**1.3**

**Demands on General Fund Account for September, 2012**

**1.4**

**Investment Report for September, 2012**

**1.5**

**Water Purchases for August, 2012**

**1.6**

**Calendar of events for October and November 2012**

Special Board Meeting:	October 30, 2012
Regular Board Meeting:	November 13, 2012

**Tab 2 - ACTION ITEMS**

**2.1**

**Approve Directors' Meeting Reimbursements for September 2012**

Upon motion by Director Bellah, seconded by Director Rios, the Directors' Meeting Reimbursement Report was approved as presented. The motion was unanimously carried.

## 2.2

### **Public Hearing to Review Proposed Adjustments in Water Rates and Service Charges**

Staff presented a Power Point presentation to those in attendance outlining the cost factors contributing to the proposed rate and service charge adjustments.

President Lima opened the Public Hearing at 6:17 p.m. Verbal comments were received from nine members of the public on various issues related to the increase in water rates. Staff responded to questions and concerns posed by members of the public in connection with the proposed rate and service charge adjustments.

Without further objection, President Lima closed the Public Hearing at 7:03 p.m.

## 2.3

### **Approve Resolution No. 10-2012 Establishing a Consolidated Water Service Policy**

Upon a report from staff that only one written protest to the proposed rate increase had been received, the Board of Directors made a finding that the written protests represented less than the majority of the parcels subject to the rates and charges. After discussion by the Board, a motion was made by Director Lewis, seconded by Director Rios, to approve Resolution No. 10-2012 Establishing a Consolidated Water Service Policy approving the water rate and service charge adjustments. Roll call vote:

Ayes: Directors Lima, Lu-Yang, Lewis, Bellah and Rios  
Noes: None  
Abstain: None

The motion was unanimously carried by a roll call vote of 5-0.

## 2.4

### **Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**

- Three Valleys Municipal Water District Leadership Breakfast, November 1, 2012  
The following Directors asked staff to make reservations for their attendance at the luncheon: Directors Lewis, Lima, Bellah and Lu-Yang
- ACWA 2012 FALL CONFERENCE, December 4-7, 2012, San Diego, CA  
Directors Lewis, Bellah and Rios requested that staff make reservations for their attendance at the Conference. President Lima advised that he would contact staff at a later date to confirm his attendance.

## **Tab 3 LEGISLATIVE INFORMATION**

### 3.1

#### **Updates on Legislative Issues**

Nothing to report.

## **Tab 4 REVIEW OF CORRESPONDENCE**

This was provided for information purposes only.

## **Tab 5 COMMITTEE REPORTS**

5.1

### **Three Valleys Municipal Water District**

Vice President Lu-Yang reported that RMC Engineering made a presentation at the October 3, 2012 work shop describing regional projects which Rowland Water District and Walnut Valley Water District are partnering in to enhance water reliability and mitigate anticipated cost increases imposed by Metropolitan Water District. President Lima also attended the meeting and indicated that he was impressed with the presentation.

5.2

### **Joint Powers Insurance Authority**

Nothing to report.

5.3

### **Association of California Water Agencies**

Nothing to report.

5.4

### **Project Ad-Hoc Committee**

Nothing to report.

5.5

### **Regional Chamber of Commerce**

Vice President Lu-Yang reported that the Chamber Power Lunch will be held on October 10, 2012, the Chamber Board meeting will be held at the Rowland Water District on October 17, 2012 and the Chamber Mixer is scheduled for October 18, 2012. Director Lewis provided a report on his attendance at the Chamber Government Affairs Committee on October 8, 2012.

5.6

### **PWR Joint Water Line Commission**

Nothing to report. President Lima advised that the next meeting is set for October 18, 2012, at 3:30 p.m. at Walnut Valley Water District.

5.7

### **Puente Basin Water Agency**

The Agency was updated on the status of the funding for the projects and advised that Rowland and Walnut would be finalizing the bond proposal to present to each of their Boards for approval.

5.8

### **Sheriff's Community Advisory Council**

Vice President Lu-Yang advised that the Community Advisory Council (CAC) conference will be held on October 13, 2012 in Altadena, California. Rowland Heights resident, Teri Malkin, advised the Board that as a liaison between the community and the Sheriff's CAC, she had made a presentation to the Walnut Sheriff's Department which was well received.



5.9

**Rowland Heights Community Coordinating Council**

Director Rios reported that Rowland and Walnut Valley Water Districts made a presentation to the Council on October 8, 2012, which set forth the sources of water available and regulatory and increasing cost challenges facing Southern California, and the regional projects which they hope to implement to mitigate these vulnerabilities. Rowland Heights resident, Teri Malkin, thanked the District for their presentation to the Council and advised that it was very well received.

Director Bellah advised that Senator Bob Huff and Assemblyman Curt Hagman's representatives provided an overview of the Bills that were passed and provided information on those they supported.

**Tab 6**

**OTHER REPORTS, INFORMATION ITEMS AND COMMENTS**

6.1

**Public Relations**

Mrs. Perea advised that CV Strategies continues to work with the District's newly-hired Public Affairs Representative and has implemented training sessions with her in an effort to prepare her to be a well-informed and vital representation of the District when attending community events.

She reported that the National Theatre for Children had performed at Blandford Elementary to an audience of 700 students. The District's Public Affairs Representative, Brittnie Van De Car, was present, along with Cara Van Dijk from CV Strategies. Brittnie took pictures and provided the students with water conservation hand-outs. Brittnie worked with CV Strategies on the preparation of a Press Release and is currently working with them on the preparation of a Press Release covering the Buckboard Days Parade and Festival at the Park. The Project Wet Teachers' Workshop is scheduled for October 17, 2012 at the Frontier Project located at the Cucamonga Valley Water District. Currently, the District has one teacher from Rowland Elementary signed up to attend. We are sending out reminders for the EduGrant Program. The deadline for application submittal is November 8, 2012. Brittnie will be contacting Mr. Chong at the Youth Science Center to arrange for her participation at the Center in November when Jellick will be participating in the Project Wet program.

6.2

**Personnel Report**

Nothing to report.

6.3

**Engineer's Report**

Mr. Carrera reported that the ACE Nogales Street grade separation has gone out to bid and that the District recently received notice that the ACE Fullerton Road grade separation will soon be initiated.

**Tab 7 ATTORNEY'S REPORT (Ms. Morningstar)**

Nothing to report.

**Tab 8 CLOSED SESSION**

President Lima adjourned the meeting to closed session at 7:50 p.m. Legal counsel, Morningstar announced that the closed session was being held pursuant to Government Code Section 54956.8 in order to confer with the District's negotiator concerning purchase of water rights in the Central Basin and Main San Gabriel Basin from Petersburg, L.P., and that discussion would concern price and terms.

- a. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8  
Property: Purchase of Water Rights in the  
Central and Main San Gabriel Basins  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Petersburg, L.P.  
Under Negotiation: Price and Terms

Upon returning to open session, Legal counsel reported that the Board directed its negotiator, Ken Deck, to proceed with negotiations with Petersburg L.P. for the purchase of water rights on the terms discussed.

The following continuing items were not discussed:

- b. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8  
Property: Lease of Water Rights in the  
Main San Gabriel Basin  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Covina Irrigating Company  
Under Negotiation: Price and Terms
- c. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8  
Property: Lease of Water Rights in the  
Main San Gabriel Basin  
District Negotiator: Ken Deck, General Manager  
Negotiating Parties: Sierra Water Group  
Under Negotiation: Price and Terms
- d. Conference with Real Property Negotiator Pursuant to Government Code Sec. 54956.8  
Property: A Portion of the Parcel at 1015 Nogales Street, Rowland Heights, Ca APN# 8264-021-028  
Negotiating Parties: John A. Rowland, Jr., Trustee  
District Negotiator: Ken Deck, General Manager  
Under Negotiation: Price and Terms of Sale

The closed session was adjourned and the Board resumed the meeting in open session at 7:56 p.m. Legal counsel, Janet Morningstar, reported that Mr. Deck had been authorized to proceed with negotiations on item a. and that no action had been taken on items b., c. and d.

**Directors' and General Manager's Comments**

President Lima reported on his attendance at the Kiwanis Dinner on September 29, 2012. Mrs. Malkin commended Vice President Lu-Yang and thanked the District for their participation in the event.

Vice President Lu-Yang reported on her attendance at the ACWA CLE Workshop, "Risk Management in the 21<sup>st</sup> Century", October 4-5, 2012, and advised that she felt it was very well presented.

**Future Agenda Items**

None.

**Late Business**

None.

Special Meeting of the Board of Directors:	October 30, 2012
Regular Meeting of the Board of Directors:	November 13, 2012

A motion was made by Director Rios, seconded by Vice President Lu-Yang, and unanimously carried to adjourn the meeting. The meeting was adjourned at 8:10 p.m.

\_\_\_\_\_  
ANTHONY J. LIMA  
Board President

Attest: \_\_\_\_\_  
KEN DECK  
Board Secretary



1.2



Minutes of the Special Meeting of  
the Board of Directors of the Rowland Water District

October 30, 2012 – 5:00 p.m.

Location: District Office

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**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF DIRECTORS**

President Anthony J. Lima  
Vice President Szu Pei Lu-Yang  
Director Robert W. Lewis  
Director John Bellah  
Director Teresa P. Rios

**ABSENT:**

None.

**OTHERS PRESENT:**

Janet Morningstar, Legal Counsel  
Michael Engelbrecht, Wells Fargo Securities  
Jeff Stava, Attorney, Nossaman, LLP  
Michael Busch, Urban Futures

**ROWLAND WATER DISTRICT STAFF:**

Ken Deck, General Manager  
Ted Carrera, Assistant General Manager  
Rose Perea, Director of Administrative Services  
Sean Henry, Finance Officer

**PUBLIC COMMENT ON AGENDA ITEMS**

**COMMENTS:**

None.

## **Tab 1 ACTION ITEMS**

### **1.1**

#### **Presentations by Michael Engelbrecht, Wells Fargo Securities, Jeff Stava, Attorney, Nossaman, LLP, and Michael Busch, Urban Futures**

Michael Engelbrecht, Wells Fargo Securities, presented a Power Point presentation to the Board which provided a financing update. In connection with the rating update, Mr. Englebrecht advised that Standard & Poor's had assigned Rowland a AA- rating with a stable outlook and affirmed the AA- rating on the 2008 Certificates of Participation. He also presented a long-term market update and reviewed the financing schedule with an anticipated closing on November 28, 2012.

Michael Busch, Urban Futures, advised that purchasing trend is towards municipal bonds as opposed to government bonds. He feels that volatility is no longer an issue and sees no other issues which would impede the sale of the bonds.

Jeff Stava, Attorney, Nossaman, LLP, discussed the terms of the Bond Purchase Agreement, Continuing Disclosure Agreement, Installment Purchase Contract and Preliminary Official Statement and answered questions from the Board. He explained that the Resolution constituted the Board's approval of the specified documents and would authorize the District's representatives to proceed with the sale of the Bonds and the related transactions provided that the criteria specified in the Resolution as to interest rate and the principle amount of the Bonds were met on the pricing date. He recommended that the District finalize the transaction. He noted that the Resolution provided that the maximum aggregate principal amount of the bonds shall not exceed \$22,000,000.00 and that the true interest cost shall not exceed five percent (5%).

### **1.2**

#### **Review and Approve Resolution No. 10.1-2012 Authoring Proceedings and Agreements Relating to the Financing of Certain Improvements, Approving Issuance and Sale of Bonds by the Puente Basin Water Agency, Approving an Official Statement, and Authorizing Official Actions**

Mr. Stava, Mr. Engelbrecht and Mr. Busch answered questions raised by Board members and provided information and clarification on the transaction and the Resolution before the Board for approval.

After discussion by the Board, a motion was made by Vice President Lu-Yang, seconded by Director Rios, and unanimously carried, to approve Resolution No. 10.1-2012 Authoring Proceedings and Agreements Relating to the Financing of Certain Improvements, Approving Issuance and Sale of Bonds by the Puente Basin Water Agency, Approving an Official Statement, and Authorizing Official Actions.

Roll call vote:

Ayes: Directors Lima, Lu-Yang, Lewis, Bellah and Rios  
Noes: None  
Abstain: None

The motion was unanimously carried by a roll call vote of 5-0.

**Directors' and General Manager's Comments**

None.

**Future Agenda Items**

None.

**Late Business**

None.

*Next Regular Meeting of the Board of Directors: November 13, 2012*  
*Next Special Meeting of the Board of Directors: November 27, 2012*

A motion was made by Director Rios, seconded by Vice President Lu-Yang, and unanimously carried to adjourn the meeting. The meeting was adjourned at 6:10 p.m.

\_\_\_\_\_  
ANTHONY J. LIMA  
Board President

Attest: \_\_\_\_\_  
KEN DECK  
Board Secretary

1.3



## Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>15514</b>						
10/12	10/04/2012	15514	4800	AIRGAS USA LLC	OXYGEN/ACETYLENE	377.86
Total 15514:						377.86
<b>15515</b>						
10/12	10/04/2012	15515	1600	B & K ELECTRIC WHOLESALE	TOOLS & SUPPLIES	45.09
Total 15515:						45.09
<b>15516</b>						
10/12	10/04/2012	15516	371	CIVILTEC ENGINEERING INC	ENGINEERING-RWD/CDWD	1,572.50
10/12	10/04/2012	15516	371	CIVILTEC ENGINEERING INC	ENGINEERING-STUDY OF LHHCW	690.00
Total 15516:						2,262.50
<b>15517</b>						
10/12	10/04/2012	15517	2075	CROCKER SIGNS & SCREEN	CUSTOM DECAL FOR OFFICE	681.51
10/12	10/04/2012	15517	2075	CROCKER SIGNS & SCREEN	STOCK BLACK DECAL	2.74
Total 15517:						684.25
<b>15518</b>						
10/12	10/04/2012	15518	29	DANIEL WARREN	REIMBURSABLE EXPENSE-SCHOOL SPRING 2012	254.03
Total 15518:						254.03
<b>15519</b>						
10/12	10/04/2012	15519	2125	DANIELS TIRE SERVICE	TIRES TRUCK 3	706.20
Total 15519:						706.20
<b>15520</b>						
10/12	10/04/2012	15520	82075	DC EPPL	REPAIR SHIFT BOOT	405.00
Total 15520:						405.00
<b>15521</b>						
10/12	10/04/2012	15521	33	DUSTIN T MOISIO	MILEAGE REIMBURSEMENT	268.62
10/12	10/04/2012	15521	33	DUSTIN T MOISIO	REIMBURSABLE EXPENSE-WORK BOOTS	214.72
10/12	10/04/2012	15521	33	DUSTIN T MOISIO	NON-REIMBURSABLE EXPENSE	11.85
Total 15521:						471.49
<b>15522</b>						
10/12	10/04/2012	15522	24	ERIC S HALL	REIMBURSEABLE EXPENSE-BOOTS	196.57
10/12	10/04/2012	15522	24	ERIC S HALL	REIMBURSEABLE EXPENSE-ABPA CONF	32.23
Total 15522:						228.80
<b>15523</b>						
10/12	10/04/2012	15523	2300	FEDERAL EXPRESS	POSTAGE	27.94

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 15523:						27.94
<b>15524</b>						
10/12	10/04/2012	15524	5800	G M SAGER CONSTRUCTION	ASPHALT	1,991.10
10/12	10/04/2012	15524	5800	G M SAGER CONSTRUCTION	ASPHALT	3,285.90
10/12	10/04/2012	15524	5800	G M SAGER CONSTRUCTION	ASPHALT	2,362.20
10/12	10/04/2012	15524	5800	G M SAGER CONSTRUCTION	ASPHALT	1,559.80
10/12	10/04/2012	15524	5800	G M SAGER CONSTRUCTION	ASPHALT	1,517.70
Total 15524:						10,716.70
<b>15525</b>						
10/12	10/04/2012	15525	244	INFOSEND INC	BILLING SERVICE	3,184.00
Total 15525:						3,184.00
<b>15526</b>						
10/12	10/04/2012	15526	6800	J G TUCKER & SONS	REPLACE O2 SENSOR IN THE M40 GAS DETECTO	165.00
10/12	10/04/2012	15526	6800	J G TUCKER & SONS	LABOR / TESTING	70.00
10/12	10/04/2012	15526	6800	J G TUCKER & SONS	PARTS / CALIBRATION CHARGE	15.00
10/12	10/04/2012	15526	6800	J G TUCKER & SONS	TAX	15.75
Total 15526:						265.75
<b>15527</b>						
10/12	10/04/2012	15527	14	MARK SERNA	REIMBURSABLE EXPENSE-PUBLIC UTILITIES MAN	326.26
Total 15527:						326.26
<b>15528</b>						
10/12	10/04/2012	15528	62174	MATRIX IMAGING PRODUCTS	HOSTING FEE AT \$450/MONTH FOR 12 MONTHS-R	5,400.00
Total 15528:						5,400.00
<b>15529</b>						
10/12	10/04/2012	15529	4500	PETTY CASH	MISC EXPENSE	139.09
10/12	10/04/2012	15529	4500	PETTY CASH	MISC EXPENSE	21.71
Total 15529:						160.80
<b>15530</b>						
10/12	10/04/2012	15530	62447	REEB GOVERNMENT RELATIONS LLC	LOBBYIST	1,500.00
Total 15530:						1,500.00
<b>15531</b>						
10/12	10/04/2012	15531	36	ROSEMARIE PEREA	MILEAGE REIMBURSEMENT	16.55
Total 15531:						16.55
<b>15532</b>						
10/12	10/04/2012	15532	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR 911 BIXBY	1,291.95
Total 15532:						1,291.95

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
15533						
10/12	10/04/2012	15533	62194	SCEC	SOURCE EMISSIONS TESTING	2,993.15
	Total 15533:					2,993.15
15534						
10/12	10/04/2012	15534	180	SEAN HENRY	MILEAGE REIMBURSEMENT	120.45
	Total 15534:					120.45
15535						
10/12	10/04/2012	15535	5900	THE GAS COMPANY	GAS UTILITY BILL	19.09
	Total 15535:					19.09
15536						
10/12	10/04/2012	15536	205	WARREN GRAPHICS	WINDOW & REG ENVELOPES	398.69
	Total 15536:					398.69
15537						
10/12	10/04/2012	15537	62084	WESTIN ENGINEERING INC	ENGINEERING-IT STRATEGIC PLAN	1,885.00
	Total 15537:					1,885.00
15540						
10/12	10/09/2012	15540	3375	ANTHONY LIMA	MILEAGE REIMBURSEMENT	26.02
	Total 15540:					26.02
15541						
10/12	10/09/2012	15541	62233	JOHN BELLAH	MILEAGE REIMBURSEMENT	108.00
	Total 15541:					108.00
15542						
10/12	10/09/2012	15542	3360	ROBERT LEWIS	MILEAGE REIMBURSEMENT	8.21
10/12	10/09/2012	15542	3360	ROBERT LEWIS	REIMBURSABLE EXPENSE-CSDA CONFERENCE	133.72
	Total 15542:					141.93
15543						
10/12	10/12/2012	15543	750	A & B ELECTRIC	MAINTENANCE & OPERATION-OFFICE	1,037.04
	Total 15543:					1,037.04
15544						
10/12	10/12/2012	15544	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	14,230.00
	Total 15544:					14,230.00
15545						
10/12	10/12/2012	15545	1000	ACWA/JPIA	EMPLOYEE HEALTH BENEFITS	36,850.32
10/12	10/12/2012	15545	1000	ACWA/JPIA	EMPLOYEE VISION BENEFITS	641.92
10/12	10/12/2012	15545	1000	ACWA/JPIA	RETIRES HEALTH BENEFITS	6,542.27
10/12	10/12/2012	15545	1000	ACWA/JPIA	EMPLOYEE ASSISTANCE PROGRAM	84.96

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 15545:						44,119.47
<b>15546</b>						
10/12	10/12/2012	15546	4600	AIRGAS USA LLC	REPAIR TORCH	65.53
Total 15546:						65.53
<b>15547</b>						
10/12	10/12/2012	15547	3850	ATHENS SERVICES (MODERN SVC)	TRASH SERVICE	198.21
Total 15547:						198.21
<b>15548</b>						
10/12	10/12/2012	15548	62440	BNY MELLON N.A.	MANAGEMENT FEE	3,252.96
Total 15548:						3,252.96
<b>15549</b>						
10/12	10/12/2012	15549	224	CALIF RURAL WATER ASSOCIATION	ANNUAL MEMBERSHIP DUES	937.00
Total 15549:						937.00
<b>15550</b>						
10/12	10/12/2012	15550	6966	CINTAS CORPORATION LOC 693	UNIFORM RENTAL	2,108.55
Total 15550:						2,108.55
<b>15551</b>						
10/12	10/12/2012	15551	2057	COUNTY OF LA-PUBLIC WORKS	PERMIT CONTROL	725.00
10/12	10/12/2012	15551	2057	COUNTY OF LA-PUBLIC WORKS	PERMIT CONTROL	725.00
10/12	10/12/2012	15551	2057	COUNTY OF LA-PUBLIC WORKS	PERMIT CONTROL	725.00
10/12	10/12/2012	15551	2057	COUNTY OF LA-PUBLIC WORKS	PERMIT CONSTRUCTION INSPECTION	1,027.24
Total 15551:						3,202.24
<b>15552</b>						
10/12	10/12/2012	15552	62439	CVSTRATEGIES	COMMUNICATION SERVICES	13,958.10
Total 15552:						13,958.10
<b>15553</b>						
10/12	10/12/2012	15553	62104	E.H. WACHS COMPANY	ELEMENT FILTER	190.00
10/12	10/12/2012	15553	62104	E.H. WACHS COMPANY	FOAM FILTER	33.16
10/12	10/12/2012	15553	62104	E.H. WACHS COMPANY	TAX	33.81
Total 15553:						256.97
<b>15554</b>						
10/12	10/12/2012	15554	24701	GRAINGER	TOOLS & SUPPLIES	54.41
Total 15554:						54.41
<b>15555</b>						
10/12	10/12/2012	15555	2600	HACH COMPANY	2105860-SWIFTEST REAGENT REFILL-DPD TOTAL	69.30
10/12	10/12/2012	15555	2600	HACH COMPANY	2107169-NITRIVER 3 REAGENT 100/TEST	98.67
10/12	10/12/2012	15555	2600	HACH COMPANY	LZW9500.99 ELECTROLYTE SOLUTION	57.64



GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/12	10/12/2012	15555	2600	HACH COMPANY	TAXES	18.18
10/12	10/12/2012	15555	2600	HACH COMPANY	LZW5050T 97.002 PH PROBE	370.00
10/12	10/12/2012	15555	2600	HACH COMPANY	TAXES	32.38
Total 15555:						666.15
<b>15556</b>						
10/12	10/12/2012	15556	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	206.18
10/12	10/12/2012	15556	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	446.98
10/12	10/12/2012	15556	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	671.70
Total 15556:						1,324.86
<b>15557</b>						
10/12	10/12/2012	15557	244	INFOSEND INC	BILLING SERVICE	1,547.99
10/12	10/12/2012	15557	244	INFOSEND INC	BILLING SERVICE	32.13
Total 15557:						1,580.12
<b>15558</b>						
10/12	10/12/2012	15558	3050	INLAND WATER WORKS SUPPLY CO	EXTENDABLE STEM WRENCH 5 TO 10 FT	130.77
10/12	10/12/2012	15558	3050	INLAND WATER WORKS SUPPLY CO	2" NL BRASS CPLG	228.00
10/12	10/12/2012	15558	3050	INLAND WATER WORKS SUPPLY CO	BECKSON 136PF-6 BILGE - MATE PUMP	210.00
10/12	10/12/2012	15558	3050	INLAND WATER WORKS SUPPLY CO	6" X 12" GALVANIZED TOP SECTION	477.12
10/12	10/12/2012	15558	3050	INLAND WATER WORKS SUPPLY CO	TAX	91.52
Total 15558:						1,137.41
<b>15559</b>						
10/12	10/12/2012	15559	397	JANET MORNINGSTAR	LEGAL FEES	3,187.50
Total 15559:						3,187.50
<b>15560</b>						
10/12	10/12/2012	15560	3550	MAXUM PETROLEUM	GASOLINE, REGULAR GRADE	7,746.82
10/12	10/12/2012	15560	3550	MAXUM PETROLEUM	DIESEL CLEAR	1,220.94
Total 15560:						8,967.76
<b>15561</b>						
10/12	10/12/2012	15561	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	66.70
10/12	10/12/2012	15561	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	28.89
10/12	10/12/2012	15561	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	68.68
10/12	10/12/2012	15561	257	MCMASTER-CARR SUPPLY CO	CREDIT MEMO	28.89
Total 15561:						135.38
<b>15562</b>						
10/12	10/12/2012	15562	62377	OREILLY AUTOMOTIVE STORES INC	AUTO SUPPLIES	2.27
Total 15562:						2.27
<b>15563</b>						
10/12	10/12/2012	15563	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	651.61
Total 15563:						651.61

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
15564						
10/12	10/12/2012	15564	116	RECALL SECURE DESTRUCTION SVC	SHREDDING SERVICE	179.02
Total 15564:						179.02
15565						
10/12	10/12/2012	15565	62460	RYAN WHITE	REIMBURSABLE EXPENSE-SCHOOL SPRING 2012	254.03
Total 15565:						254.03
15566						
10/12	10/12/2012	15566	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	28,995.76
10/12	10/12/2012	15566	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	3,221.75
Total 15566:						32,217.51
15567						
10/12	10/12/2012	15567	6300	STATE OF CALIF-EMPL DEV DEPT	UNEMPLOYMENT INSURANCE PREMIUM	464.30
Total 15567:						464.30
15568						
10/12	10/12/2012	15568	2900	VULCAN MATERIAL COMPANY	COLD PATCH (TEMPORARY BLACK TOP)	1,388.10
Total 15568:						1,388.10
15569						
10/12	10/12/2012	15569	382	W A RASIC CONSTRUCTION CO INC	16" WATER LINE REPAIR	98,773.24
Total 15569:						98,773.24
15570						
10/12	10/15/2012	15570	62308	AZ DESIGNS	PARADE SHIRTS	387.36
Total 15570:						387.36
15571						
10/12	10/18/2012	15571	62250	AMERICAN BACKFLOW PREVENTION	MEMBERSHIP RENEWAL-DUSTY MOISIO	60.00
Total 15571:						60.00
15572						
10/12	10/18/2012	15572	1625	ANTHEM BLUE CROSS	RETIREE HEALTH BENEFITS	4,486.20
Total 15572:						4,486.20
15573						
10/12	10/18/2012	15573	1165	ANTIMITE TERMITE & PEST	PEST CONTROL-MONTHLY SERVICE	100.00
Total 15573:						100.00
15574						
10/12	10/18/2012	15574	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00
Total 15574:						430.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
15575						
10/12	10/18/2012	15575	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,168.00
	Total 15575:					1,168.00
15576						
10/12	10/18/2012	15576	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	10,375.71
	Total 15576:					10,375.71
15577						
10/12	10/18/2012	15577	62505	D & H WATER SYSTEMS	3 PAX WATER MIXERS SYSTEMS MODEL PWM-40	98,750.00
10/12	10/18/2012	15577	62505	D & H WATER SYSTEMS	TAX	8,575.00
	Total 15577:					107,325.00
15578						
10/12	10/18/2012	15578	1270	DATA QUICK INFORMATION SYSINC	PROPERTY DATA INFO	100.00
	Total 15578:					100.00
15579						
10/12	10/18/2012	15579	2185	DEPARTMENT OF PUBLIC HEALTH	WATER SYSTEM FEES	8,425.20
	Total 15579:					8,425.20
15580						
10/12	10/18/2012	15580	2253	DUKE'S LANDSCAPING INC	GARDENING SERVICE	1,695.00
	Total 15580:					1,695.00
15581						
10/12	10/18/2012	15581	330	FUEL PRO INC	SERVICES PERFORMED-GAS PUMP	1,307.14
	Total 15581:					1,307.14
15582						
10/12	10/18/2012	15582	5600	G M SAGER CONSTRUCTION	ASPHALT	6,376.00
	Total 15582:					6,376.00
15583						
10/12	10/18/2012	15583	9155	GRAND CENTRAL RECYCLING	CLEAN CONCRETE	240.00
10/12	10/18/2012	15583	9155	GRAND CENTRAL RECYCLING	MIXED BASE	102.56
	Total 15583:					342.56
15584						
10/12	10/18/2012	15584	2690	HARPER & ASSOCIATES ENG.	INSTALL PAX MIXER INTO RES. 8, RES. 12 & RES.	2,000.00
	Total 15584:					2,000.00
15585						
10/12	10/18/2012	15585	379	HIGHROAD INFORMATION TECHNOL	MANAGE SERVICE	4,414.01
10/12	10/18/2012	15585	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	3,052.61
10/12	10/18/2012	15585	379	HIGHROAD INFORMATION TECHNOL	BLUEBEAM REVU EXTREME	3,788.85

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 15585:						11,255.47
<b>15586</b>						
10/12	10/18/2012	15586	244	INFOSEND INC	BILLING SERVICE	2,219.97
Total 15586:						2,219.97
<b>15587</b>						
10/12	10/18/2012	15587	3050	INLAND WATER WORKS SUPPLY CO	2 MUE NL CTS110 X CTS110 CPLG	92.44
10/12	10/18/2012	15587	3050	INLAND WATER WORKS SUPPLY CO	EXTENDABLE STEM WRENCH 5 TO 10 FT	130.77
10/12	10/18/2012	15587	3050	INLAND WATER WORKS SUPPLY CO	3/4" X 3 1/4" 316 SS BOLT W/NUT	315.00
10/12	10/18/2012	15587	3050	INLAND WATER WORKS SUPPLY CO	TAX	39.00
Total 15587:						577.21
<b>15588</b>						
10/12	10/18/2012	15588	62020	LA COUNTY DEPT OF PUBLIC WORKS	ANNUAL INDUSTRIAL WASTE INSPECTION FEE	298.00
Total 15588:						298.00
<b>15589</b>						
10/12	10/18/2012	15589	62495	LOS ANGELES FREIGHTLINER FONTA	CASH PRICE OF BASE VEHICLE	90,028.00
10/12	10/18/2012	15589	62495	LOS ANGELES FREIGHTLINER FONTA	INSTALL 10-12 YD DUMP BODY WITH HIGH LIFT TA	29,750.00
10/12	10/18/2012	15589	62495	LOS ANGELES FREIGHTLINER FONTA	TAX / EXTRAS	1,557.89
Total 15589:						121,335.89
<b>15590</b>						
10/12	10/18/2012	15590	62327	MATHIS CONSULTING GROUP	CONSULTING SERVICES	1,710.00
Total 15590:						1,710.00
<b>15591</b>						
10/12	10/18/2012	15591	62125	PREMIER ACCESS	EMPLOYEES' DENTAL BENEFITS	3,042.94
10/12	10/18/2012	15591	62125	PREMIER ACCESS	RETIREES' DENTAL BENEFITS	392.87
Total 15591:						3,435.81
<b>15592</b>						
10/12	10/18/2012	15592	335	PUBLIC SAFETY APPREC LUNCHEON	2012 PUBLIC SAFETY LUNCHEON	270.00
Total 15592:						270.00
<b>15593</b>						
10/12	10/18/2012	15593	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEE	1,120.63
10/12	10/18/2012	15593	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR BANK ANALYSIS FEES	46.39
10/12	10/18/2012	15593	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEE	446.88
Total 15593:						1,613.90
<b>15594</b>						
10/12	10/18/2012	15594	62502	S & J SUPPLY COMPANY, INC	3710 JONES BRASS HYDRANT	4,738.35
10/12	10/18/2012	15594	62502	S & J SUPPLY COMPANY, INC	TAX	414.81
Total 15594:						5,152.96



GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
15595						
10/12	10/18/2012	15595	62249	SECURE SITE SOLUTIONS INC	SYSTEM MAINTENANCE	1,989.00
Total 15595:						1,989.00
15596						
10/12	10/18/2012	15596	62166	SO CAL GAS CO	GAS UTILITY BILL-2505 ARTIGAS	59.07
Total 15596:						59.07
15597						
10/12	10/18/2012	15597	215	SOUTH COAST AQMD	ANNUAL OPERATING FEE-3021 S FULLERTON	713.60
10/12	10/18/2012	15597	215	SOUTH COAST AQMD	EMISSIONS FEES-3021 S FULLERTON	115.56
10/12	10/18/2012	15597	215	SOUTH COAST AQMD	PERMIT PROCESSING FEES-SOURCE TEST REVIE	317.57
Total 15597:						1,146.73
15598						
10/12	10/18/2012	15598	143	ST JOSEPH HERITAGE HEALTHCARE	PRE EMPLOYMENT PHYSICAL EXAM	75.00
Total 15598:						75.00
15599						
10/12	10/18/2012	15599	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	119.88
10/12	10/26/2012	15599	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	119.88
10/12	10/18/2012	15599	62045	SZU-PEI LU-YANG	REIMBURSABLE EXPENSE-CSDA CONFERENCE	120.69
10/12	10/26/2012	15599	62045	SZU-PEI LU-YANG	REIMBURSABLE EXPENSE-CSDA CONFERENCE	120.69
10/12	10/18/2012	15599	62045	SZU-PEI LU-YANG	NON-REIMBURSABLE EXPENSE-CSDA CONFEREN	52.32
10/12	10/26/2012	15599	62045	SZU-PEI LU-YANG	NON-REIMBURSABLE EXPENSE-CSDA CONFEREN	52.32
Total 15599:						.00
15600						
10/12	10/18/2012	15600	6500	THERMALAIR INC	REPAIRS ON AC UNIT	343.00
Total 15600:						343.00
15601						
10/12	10/18/2012	15601	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	171.00
Total 15601:						171.00
15602						
10/12	10/18/2012	15602	62154	UNITED BROTHERS MOTOR GROUP I	MAINTENANCE TRUCK 19	489.09
Total 15602:						489.09
15603						
10/12	10/18/2012	15603	4750	PWR JT WATER LINE COMMISSION	704 AC FT-AUGUST 2012 WATER	558,272.00
10/12	10/18/2012	15603	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	9,302.44
10/12	10/18/2012	15603	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	2,455.93
10/12	10/18/2012	15603	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	5,781.12
Total 15603:						675,791.49
15616						
10/12	10/25/2012	15616	339	S C W U A	RESERVATION (1)	25.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 15616:						25.00
<b>15617</b>						
10/12	10/26/2012	15617	62507	AIR RESOURCES BOARD-PERP RENE	PERP RENEWAL	570.00
Total 15617:						570.00
<b>15618</b>						
10/12	10/26/2012	15618	4600	AIRGAS USA LLC	TANK RENTAL	48.40
Total 15618:						48.40
<b>15619</b>						
10/12	10/26/2012	15619	62492	ASSURANT EMPLOYEE BENEFITS	EMPLOYEES BENEFITS-LIFE	167.44
10/12	10/26/2012	15619	62492	ASSURANT EMPLOYEE BENEFITS	SHORT/LONG TERM DISABILITY	886.68
Total 15619:						1,054.12
<b>15620</b>						
10/12	10/26/2012	15620	400	AT&T MOBILITY	MOBILE PHONES, DATA CONNECT, NOTEBOOKS	1,088.81
Total 15620:						1,088.81
<b>15621</b>						
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	1,858.97
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	781.79
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	220.30
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	935.70
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	556.01
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	29.98
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	26.01
10/12	10/26/2012	15621	1476	BUSINESS CARD (VISA)	CONFERENCE & MISC EXPENSES	75.00
Total 15621:						4,483.76
<b>15622</b>						
10/12	10/26/2012	15622	1900	CLINICAL LAB OF S B	WATER SAMPLES	3,365.25
Total 15622:						3,365.25
<b>15623</b>						
10/12	10/26/2012	15623	29	DANIEL WARREN	MILEAGE REIMBURSEMENT	138.75
10/12	10/26/2012	15623	29	DANIEL WARREN	REIMBURSABLE EXPENSE-AWWA CONFERENCE	104.97
10/12	10/26/2012	15623	29	DANIEL WARREN	NON-REIMBURSABLE EXPENSE-AWWA CONFERE	21.28
Total 15623:						222.44
<b>15624</b>						
10/12	10/26/2012	15624	22541	DOTY BROS CONSTRUCTION CO	ABANDON EXISTING WATER UTILITIES-BIXBY RD	22,630.30
Total 15624:						22,630.30
<b>15625</b>						
10/12	10/26/2012	15625	24	ERIC S HALL	MILEAGE REIMBURMENT	132.09
10/12	10/26/2012	15625	24	ERIC S HALL	REIMBURSEABLE EXPENSE-AWWA CONFERENCE	32.27

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 15625:						184.36
<b>15626</b>						
10/12	10/26/2012	15626	2300	FEDERAL EXPRESS	POSTAGE	77.86
Total 15626:						77.86
<b>15627</b>						
10/12	10/26/2012	15627	330	FUEL PRO INC	D/O INSPECTION	170.00
10/12	10/26/2012	15627	330	FUEL PRO INC	ANNUAL MONITOR CERTIFICATION	700.22
Total 15627:						870.22
<b>15628</b>						
10/12	10/26/2012	15628	24701	GRAINGER	TOOLS & SUPPLIES	74.69
10/12	10/26/2012	15628	24701	GRAINGER	TOOLS & SUPPLIES	89.28
Total 15628:						163.97
<b>15629</b>						
10/12	10/26/2012	15629	62435	INDUSTRY PUBLIC UTILITY COMMISS	PUMPING POWER-PUMPSTATION 2A	3,422.36
Total 15629:						3,422.36
<b>15630</b>						
10/12	10/26/2012	15630	62226	INLAND DESERT SECURITY &	ANSWERING SERVICE	343.35
Total 15630:						343.35
<b>15631</b>						
10/12	10/26/2012	15631	3050	INLAND WATER WORKS SUPPLY CO	J&R #3 POLYMER COVER ONLY	1,850.00
10/12	10/26/2012	15631	3050	INLAND WATER WORKS SUPPLY CO	TAX	144.38
Total 15631:						1,794.38
<b>15632</b>						
10/12	10/26/2012	15632	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	600.00
Total 15632:						600.00
<b>15633</b>						
10/12	10/26/2012	15633	3300	LAGERLOF SENECAI ET AL.	MAIN BASIN ANALYSIS	105.00
Total 15633:						105.00
<b>15634</b>						
10/12	10/26/2012	15634	62478	NETWORKFLEET INC	MONTHLY SERVICE	399.20
Total 15634:						399.20
<b>15635</b>						
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	8" X 25" REPAIR CLAMP PVC/DI	275.07
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	8" X 25" REPAIR CLAMP AC	277.22
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	8" X 25" REPAIR CLAMP PVC/DI	309.92
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	8" X 25" REPAIR CLAMP AC	315.34
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	10" X 25" REPAIR CLAMP PVC/DI	366.36

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	10" X 25" REPAIR CLAMP AC	392.81
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	12" X 25" REPAIR CLAMP PVC/DI	419.26
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	12" X 25" REPAIR CLAMP ACI	432.50
10/12	10/26/2012	15635	62502	S & J SUPPLY COMPANY, INC	TAX	243.89
Total 15635:						3,032.47
<b>15636</b>						
10/12	10/26/2012	15636	6075	STAPLES CREDIT PLAN	OFFICE SUPPLIES	43.49
Total 15636:						43.49
<b>15637</b>						
10/12	10/26/2012	15637	6600	THREE VALLEYS MUN WATER DIST	LEADERSHIP BREAKFAST-RESERVATIONS (8)	120.00
Total 15637:						120.00
<b>15638</b>						
10/12	10/26/2012	15638	62329	VERIZON BUSINESS	DATA SERVICES-INTERNET	1,444.19
Total 15638:						1,444.19
<b>15639</b>						
10/12	10/26/2012	15639	62353	VERIZON BUSINESS	PHONE SYSTEM-VOIP/VOICE LINE	892.49
Total 15639:						892.49
<b>15640</b>						
10/12	10/26/2012	15640	7700	WALNUT VALLEY WATER DISTRICT	RECLAIMED WATER	1,245.27
Total 15640:						1,245.27
<b>15641</b>						
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	RUBBER KIT 8" CLA-VAL 99116G	275.27
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	SPACER WASHERS V5258J	9.36
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	8652801F DISC RETAINER	706.31
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	80653K LARGE SPRING	130.31
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	675841G	5.80
10/12	10/26/2012	15641	7950	WESTERN WATER WORKS SUPPLY	TAX	96.62
Total 15641:						1,225.67
<b>15642</b>						
10/12	10/26/2012	15642	62064	WESTIN ENGINEERING INC	ENGINEERING-IT STRATEGIC PLAN	1,630.00
Total 15642:						1,630.00
<b>15643</b>						
10/12	10/26/2012	15643	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	119.88
10/12	10/26/2012	15643	62045	SZU-PEI LU-YANG	REIMBURSABLE EXPENSE-CSDA CONFERENCE	120.69
10/12	10/26/2012	15643	62045	SZU-PEI LU-YANG	NON-REIMBURSABLE EXPENSE-CSDA CONFEREN	52.32
Total 15643:						188.25
<b>102512</b>						
10/12	10/25/2012	102512	6600	THREE VALLEYS MUN WATER DIST	531.9 AC FT-AUGUST 2012 WATER	421,798.70
10/12	10/25/2012	102512	6600	THREE VALLEYS MUN WATER DIST	TVMWD CONNECTED CAPACITY	3,044.54

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/12	10/25/2012	102512	6600	THREE VALLEYS MUN WATER DIST	TVMWD EQUIVALENT SMALL METER	3,780.66
10/12	10/25/2012	102512	6600	THREE VALLEYS MUN WATER DIST	TVMWD WATER USE CHARGE	1,625.55
10/12	10/25/2012	102512	6600	THREE VALLEYS MUN WATER DIST	MWD CAPACITY CHARGE	5,022.18
Total 102512:						435,269.65
Grand Totals:						1,627,395.06

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11141-0	107,325.00	.00	107,325.00
11185-0	121,335.89	.00	121,335.89
11505-0	129,500.23	.00	129,500.23
222100	407.23	1,627,802.29-	1,627,395.06-
51310-0	980,068.70	.00	980,068.70
51410-1	7,386.67	.00	7,386.67
51410-2	5,500.47	.00	5,500.47
51410-3	3,780.66	.00	3,780.66
51410-5	14,324.62	.00	14,324.62
51510-0	11,620.98	.00	11,620.98
52210-0	3,199.33	.00	3,199.33
52310-0	32,418.12	.00	32,418.12
54210-0	19,197.42	.00	19,197.42
54211-0	5,395.62	.00	5,395.62
54213-0	2,671.70	.00	2,671.70
54214-0	9,977.03	.00	9,977.03
56210-0	10,596.33	.00	10,596.33
56211-0	3,252.96	.00	3,252.96
56214-0	65.20	.00	65.20
56215-0	1,072.00	.00	1,072.00
56216-0	504.49	.00	504.49
56217-0	1,056.45	119.88-	936.57
56218-0	4,792.50	.00	4,792.50
56218-1	1,613.90	.00	1,613.90
56219-0	5,658.44	.00	5,658.44
56220-0	12,729.64	.00	12,729.64
56221-0	14,514.11	.00	14,514.11
56223-0	2,782.12	246.61-	2,535.51
56311-0	14,230.00	.00	14,230.00
56312-0	21,484.19	.00	21,484.19
56320-0	3,414.85	.00	3,414.85
56411-0	36,850.32	.00	36,850.32
56413-0	3,042.94	.00	3,042.94
56414-0	464.30	.00	464.30
56415-0	641.92	.00	641.92
56416-0	167.44	.00	167.44
56417-0	11,421.14	.00	11,421.14
56418-0	886.66	.00	886.66
56419-0	84.96	.00	84.96
56510-0	1,146.73	.00	1,146.73
56710-0	748.76	.00	748.76
56812-0	1,873.44	11.85-	1,861.59
57312-0	1,140.47	28.89-	1,111.58



GL Account	Debit	Credit	Proof
57314-0	2,284.59	.00	2,284.59
57315-0	3,365.25	.00	3,365.25
57321-0	11,343.71	.00	11,343.71
57322-0	868.00	.00	868.00
Grand Totals:	<u>1,628,209.52</u>	<u>1,628,209.52-</u>	<u>.00</u>

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Report Criteria:  
Report type: GL detail

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Report Criteria:  
Detail Report

Check Number	Date	Payee						
15604	10/18/2012	THE FESTIVAL COMPANIES						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	11-12F	PROJECT REFUND-17635 CASTLETON ST	24110-0	899.00	899.00
15605	10/18/2012	PUENTE HILLS MALL LLC						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	11-12A	PROJECT REFUND-1580 S AZUSA	24110-0	8,012.95	
			2	11-12B	PROJECT REFUND-1576 S AZUSA	24110-0	7,922.95	15,935.90
15608	10/18/2012	LICHEN LEE SOONG						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	202126-30	CREDIT REFUND-1907 CLEAR RIVER LANE	15210-0	96.12	96.12
15607	10/18/2012	SANNE CHANG LEE						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	512936-20	CREDIT REFUND-17521 RIO COURT	15210-0	42.36	42.36
15608	10/18/2012	DOMINION PROPERTY PARTNERS						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	237494-47	CREDIT REFUND-1022 LAWSON ST	15210-0	61.07	61.07
15609	10/18/2012	RAUL ESPINOZA						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	221025-68	CREDIT REFUND-302 FAXINA AVE	15210-0	59.00	59.00
15610	10/18/2012	AM ORTEGA CONSTRUCTION						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	220-00	CREDIT REFUND	15210-0	194.57	
			2	220-00	DEPOSIT REFUND	22810-0	695.55	890.12
15611	10/18/2012	NORMA ZAMUDIO						

Sequence	Source	Description	GL Account	Amount	Check Amount
1	860762-64	DEPOSIT REFUND-324 BALHAM AVE	22810-0	127.78	127.78
15612	10/18/2012	ERIKA VEGA			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	291787-04	DEPOSIT REFUND-508 BALHAM AVE	22810-0	92.54	92.54
15613	10/18/2012	RICHARD CHAO			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	906615-33	DEPOSIT REFUND-16008 GREENCASTLE AVE	22810-0	48.30	48.30
15614	10/18/2012	HECTOR ALVARADO			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	179211-95	DEPOSIT REFUND-16535 OLD FOREST RD	22810-0	410.62	410.62
15615	10/18/2012	RUBEN GALARZA JR			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	378733-41	DEPOSIT REFUND-1639 LARKVANE RD	22810-0	345.29	345.29
Grand Totals:					<u>19,008.10</u>

**1.4**



# Rowland Water District Memorandum

To: Kenneth Deck, General Manager

From: Sean S. Henry, Finance Officer

CC:

Date: November 5, 2012

**Subject: Investment Update – October 2012**

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**Economic Review:** The next meeting of the Federal Reserve is scheduled for December 11th. The last meeting was held on October 23rd. The Fed Funds rate remains at a target range of 0 to ¼ percent. At the meeting, the Federal Reserve stated that “economic activity has continued to expand at a moderate pace in recent months. Growth in employment has been slow and the unemployment rate remains elevated. Household spending has advanced a bit more quickly, but growth in business fixed investment has slowed. The housing sector has shown some further signs of improvement, albeit from a depressed level. Inflation recently picked up somewhat, reflecting higher energy prices. Longer-term inflation expectations have remained stable. The latest reading of the Consumer Price Index (CPI) for Los Angeles, Riverside and Orange Counties was 2.2 for the month of September. The previous reading was 2.5 in August.

**LAIF Update:** LAIF ended the month of October with a yield of 0.36%. This represents no change from the month of September. A comparison with last year shows LAIF .03 basis points lower than October 2011 when the yield stood at 0.39%.

**RWD Investments:** Rowland Water District’s bond portfolio carries an average yield of 2.21%, a .03 basis point decrease from the month of September. This represents a 1.85 basis point premium to LAIF. The District had on bond purchase in the month of October. It was a five year Federal National Mortgage Assn. bond with an effective yield of 0.88%. The District’s CD Placement Program has an effective yield of .36% with an average maturity of 506 days.

Rowland Water District  
3021 South Fullerton Road  
Rowland Heights, CA 91748  
Tel (562) 697-1726



ROWLAND WATER DISTRICT  
SUMMARY OF CASH AND INVESTMENTS  
FOR MONTH ENDED OCTOBER 31, 2012

CASH  
Citizens Business Bank 756,321.10  
Comerica Bank MMIA 390,535.31  
TOTAL CASH 1,146,856.41

LOCAL AGENCY SECURITIES CD PLACEMENT	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
COMERICA SECURITIES CD PLACEMENT	NA	1mth - 2 Years	NA	NA	NA	0.36%	506	1,778,000.00	10.66%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	NA	NA	0.33%	NA	1,001,319.38	6.00%

BNY MELLON INVESTMENTS  
(UNION BANK CUSTODIAN)

Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
2 Year US Treasury Note	250,000.00	101.151	100.113	12/15/12	1.13%	NA	250,282.50	1.56%
4 Year Fed Home Loan Mtg Corp	250,000.00	96.636	100.546	12/21/12	4.13%	NA	251,365.00	1.51%
5 Year Fed Home Loan Mtg Corp	250,000.00	103.454	101.035	09/27/13	3.38%	NA	252,587.50	1.51%
5 Year US Treasury Note	250,000.00	95.902	101.465	04/30/13	3.40%	NA	253,662.50	1.52%
4 Year Fed Home Loan Mtg Corp	250,000.00	105.933	102.368	08/28/13	3.75%	NA	255,920.00	1.53%
5 Year US Treasury Bill	250,000.00	95.864	102.363	07/31/13	3.38%	NA	255,907.50	1.53%
4 Year Fed Natl Mtg Assn	250,000.00	101.968	102.959	12/11/13	2.41%	NA	257,395.00	1.54%
5 Year Fed Home Loan Mtg Corp	250,000.00	95.756	102.698	01/07/14	2.50%	NA	256,745.00	1.54%
5 Year Fed Natl Mtg Assn	250,000.00	100.531	103.220	02/05/14	2.42%	NA	258,050.00	1.55%
5 Year Fed Natl Mtg Assn	250,000.00	95.748	103.369	03/13/14	2.45%	NA	258,422.50	1.55%
5 Year Fed Farm Credit Bank	250,000.00	95.792	103.397	04/17/14	2.63%	NA	258,492.50	1.55%
5 Year Fed Home Loan Mtg Corp	250,000.00	100.012	103.292	04/23/14	2.50%	NA	258,230.00	1.55%
5 Year Fed Natl Mtg Assn	250,000.00	95.594	103.371	05/15/14	2.50%	NA	258,427.50	1.55%
5 Year Fed Natl Mtg Assn	100,000.00	101.935	104.743	11/20/14	2.63%	NA	104,748.00	0.63%
5 Year Fed Home Loan Mtg Corp	250,000.00	100.696	104.658	02/03/15	2.89%	NA	264,170.00	1.66%
5 Year US Treasury Note	250,000.00	95.489	105.219	03/31/15	2.50%	NA	263,047.50	1.66%
5 Year Fed Natl Mtg Assn	250,000.00	102.016	105.367	04/30/15	2.50%	NA	263,417.50	1.68%
5 Year Fed Natl Mtg Assn	250,000.00	102.051	105.327	07/28/15	2.38%	NA	263,317.50	1.68%
5 Year US Treasury Note	250,000.00	100.286	106.085	03/31/16	2.25%	NA	265,216.00	1.69%
5 Year Fed Natl Mtg Assn	250,000.00	101.219	103.660	07/31/16	1.50%	NA	259,200.00	1.55%
5 Year Fed Natl Mtg Assn	250,000.00	101.231	101.781	10/31/16	1.00%	NA	254,452.50	1.53%
5 Year US Treasury Note	250,000.00	100.639	102.935	11/15/16	1.35%	NA	257,337.50	1.54%
5 Year Fed Natl Mtg Assn	250,000.00	99.842	101.258	11/30/16	0.85%	NA	253,145.00	1.52%
5 Year Fed Natl Mtg Assn	200,000.00	101.194	102.436	01/30/17	1.25%	NA	204,872.00	1.23%
5 Year Cash Reserve Account	250,000.00	100.063	100.418	08/28/17	0.85%	NA	251,045.00	1.51%
Total BNY Mellon Investments					0.00%		6,431,898.63	38.57%

MERRILL LYNCH INVESTMENTS  
(UNION BANK CUSTODIAN)

Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
4 Year Fed Natl Mtg Assn	1,000,000.00	102.203	100.545	12/21/12	4.13%	NA	1,005,460.00	6.03%
5 Year Fed Home Loan Bank	500,000.00	96.345	101.045	03/28/13	3.13%	NA	505,225.00	3.03%
3 Year Fed Home Loan Bank	495,000.00	99.690	100.565	03/20/13	1.65%	NA	497,795.75	2.95%
5 Year Fed Natl Mtg Assn	500,000.00	88.425	101.383	04/30/13	3.25%	NA	506,915.00	3.04%
5 Year Fed Home Loan Bank	495,000.00	100.601	103.471	12/13/13	3.13%	NA	510,924.15	3.05%
4 Year Fed Home Loan Bank	240,000.00	100.441	101.942	09/12/14	1.38%	NA	244,660.80	1.47%
5 Year Fed Home Loan Bank	300,000.00	100.687	105.112	12/12/14	2.75%	NA	315,338.00	1.89%
4 Year Fed Home Loan Bank	245,000.00	99.270	101.678	12/12/14	1.25%	NA	249,111.00	1.49%
5 Year Fed Natl Mtg Assn	490,000.00	100.625	102.467	09/28/16	1.25%	NA	491,941.60	2.95%
5 Year Fed Home Loan Mtg Corp	500,000.00	100.998	102.935	11/15/16	1.38%	NA	514,675.00	3.09%
5 Year Fed Home Loan Mtg Corp	500,000.00	100.427	101.011	03/28/17	1.00%	NA	489,686.50	2.82%
5 Year Fed Home Loan Mtg Corp	250,000.00	102.124	102.064	05/12/17	1.25%	NA	255,210.00	1.53%
5 Year Fed Home Loan Mtg Corp	250,000.00	100.793	100.968	08/25/17	1.00%	NA	252,415.00	1.51%
5 Year ML Bank Deposit (Cash Account)	495,000.00	101.342	100.418	08/28/17	0.80%	NA	487,027.30	2.92%
Total Merrill Lynch Investments					0.00%		11,179.46	0.07%
Total Merrill Lynch Investments							6,317,473.66	37.89%
TOTAL INVESTMENTS							15,528,691.67	100%
TOTAL CASH AND INVESTMENTS							16,675,548.08	
Weighted Average Yield of Total Investment Portfolio:							1.74%	

Market values determined by last business day of month values.  
All bond investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007.  
The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.  
NOTE: All market values shown above are based on annual rates of return.

S. S. Herry

Sheri S. Herry, Finance Officer





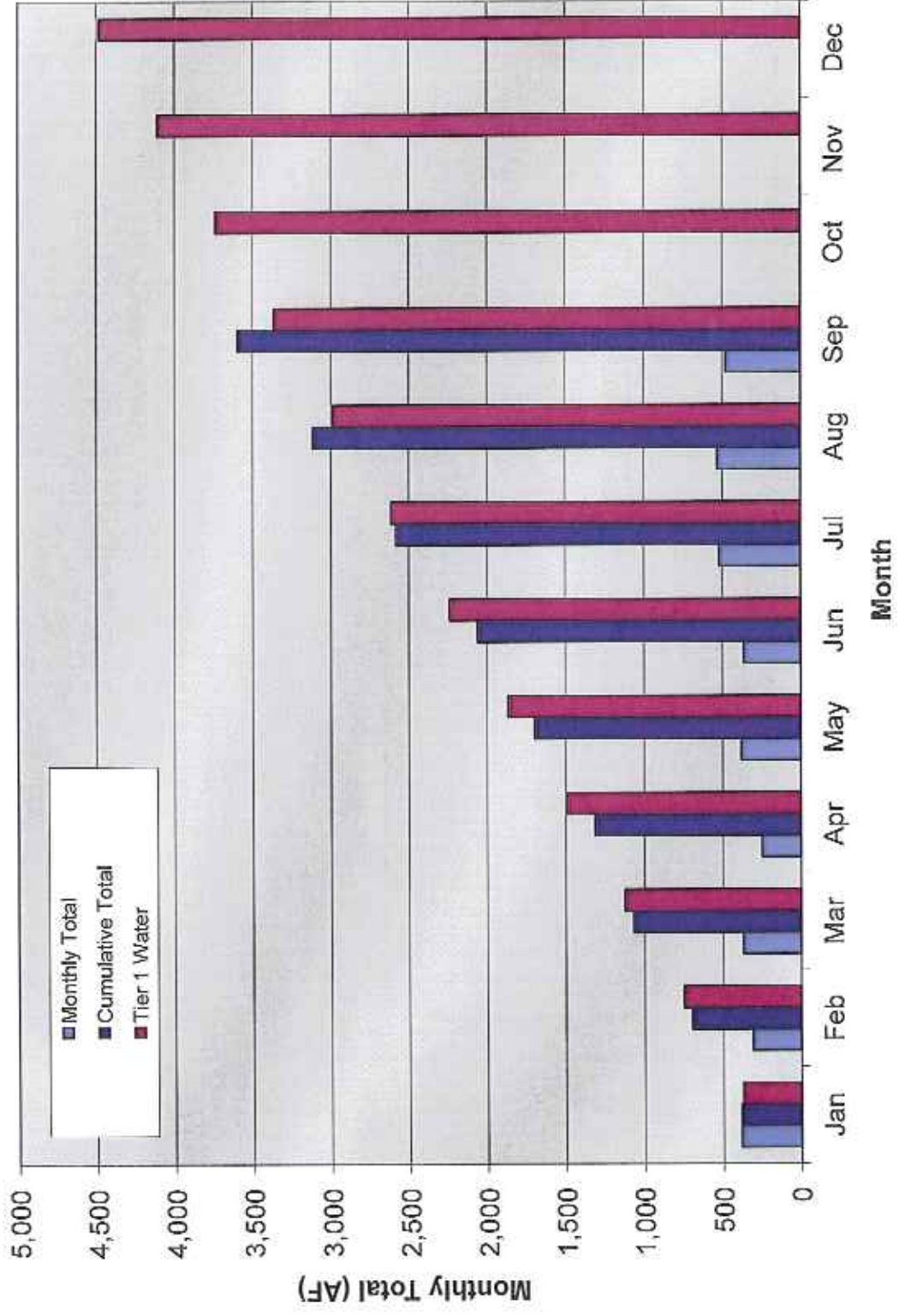
**COMPARATIVE PURCHASED WATER REPORT  
FOR THE MONTH OF SEPTEMBER 2012**

SOURCE / DESCRIPTION	2012			2011		
	ACRE-FEET	COST	COST/A.F.	ACRE-FEET	COST	COST/A.F.
<b>WATER CHARGES:</b>						
POTABLE WATER						
TVMWD	477.9	378,974.70	793.00	348.8	262,995.20	754.00
PWR	639.0	506,727.00	793.00	702.3	529,534.20	754.00
	1116.9	885,701.70		1051.1	792,529.40	
RECLAIMED WATER	43.2	10,375.71	240.18	25.5	6,500.82	254.93
<b>TOTAL WATER CHARGES</b>	<b>1,160.1</b>	<b>896,077.41</b>		<b>1,076.6</b>	<b>799,030.22</b>	
<b>FIXED CHARGES:</b>						
TVMWD-						
CAPACITY RESERVATION		5,022.18			5,452.49	
CONNECTED CAPACITY		3,044.54			-	
WATER USE CHARGE		1,625.55			-	
EQUIV. SMALL METER		3,780.68			-	
		13,472.95			5,452.49	
<b>SUBTOTAL</b>						
PWR-						
CAPACITY RESERVATION		9,302.44			7,491.02	
CONNECTED CAPACITY		2,455.93			-	
WATER USE CHARGE		5,761.12			-	
DEPRECIATION		-			1,389.00	
REPLACEMENT		-			1,910.00	
PWR BUDGET ASSESSMENT		-			7,805.67	
		17,519.49			18,595.69	
<b>SUBTOTAL</b>						
<b>TOTAL FIXED CHARGES</b>		<b>30,992.44</b>			<b>24,048.18</b>	
<b>TOTAL PURCHASED WATER CHARGES</b>		<b>927,069.85</b>			<b>823,078.40</b>	
<b>AVERAGE WATER CHARGE:</b>		<b>\$ 799.13</b>			<b>\$ 764.52</b>	

**Rowland Imported Water Purchases PM-22 Tier 1 (in Acre-Feet)  
 Calendar Year 2012  
 Year to Date Invoiced as of 1/1/12**

	ACTUAL			ESTIMATED			Percentage Difference
	Monthly Total	Cumulative Total	Balance in Tier 1 (4,482 AF)	Cumulative Total	Acre Foot Difference	Percentage Difference	
Jan	385.3	385.3	4096.7	373.5	11.8	3.16%	
Feb	310.7	696.0	3786	747	-51	-6.83%	
Mar	370.8	1066.8	3415.2	1120.5	-53.7	-4.79%	
Apr	247.1	1313.9	3168.1	1494	-180.1	-12.05%	
May	382.1	1696.0	2786	1867.5	-171.5	-9.18%	
Jun	366.4	2062.4	2419.6	2241	-178.6	-7.97%	
Jul	520.5	2582.9	1899.1	2614.5	-31.6	-1.21%	
Aug	531.9	3114.8	1367.2	2988	126.8	4.24%	
Sep	477.9	3592.7	889.3	3361.5	231.2	6.88%	
Oct				3735	-3735	-100.00%	
Nov				4108.5	-4108.5	-100.00%	
Dec				4482	-4482	-100.00%	
<b>TOTAL</b>							

**CY 2012 PM-22 Water Purchases**

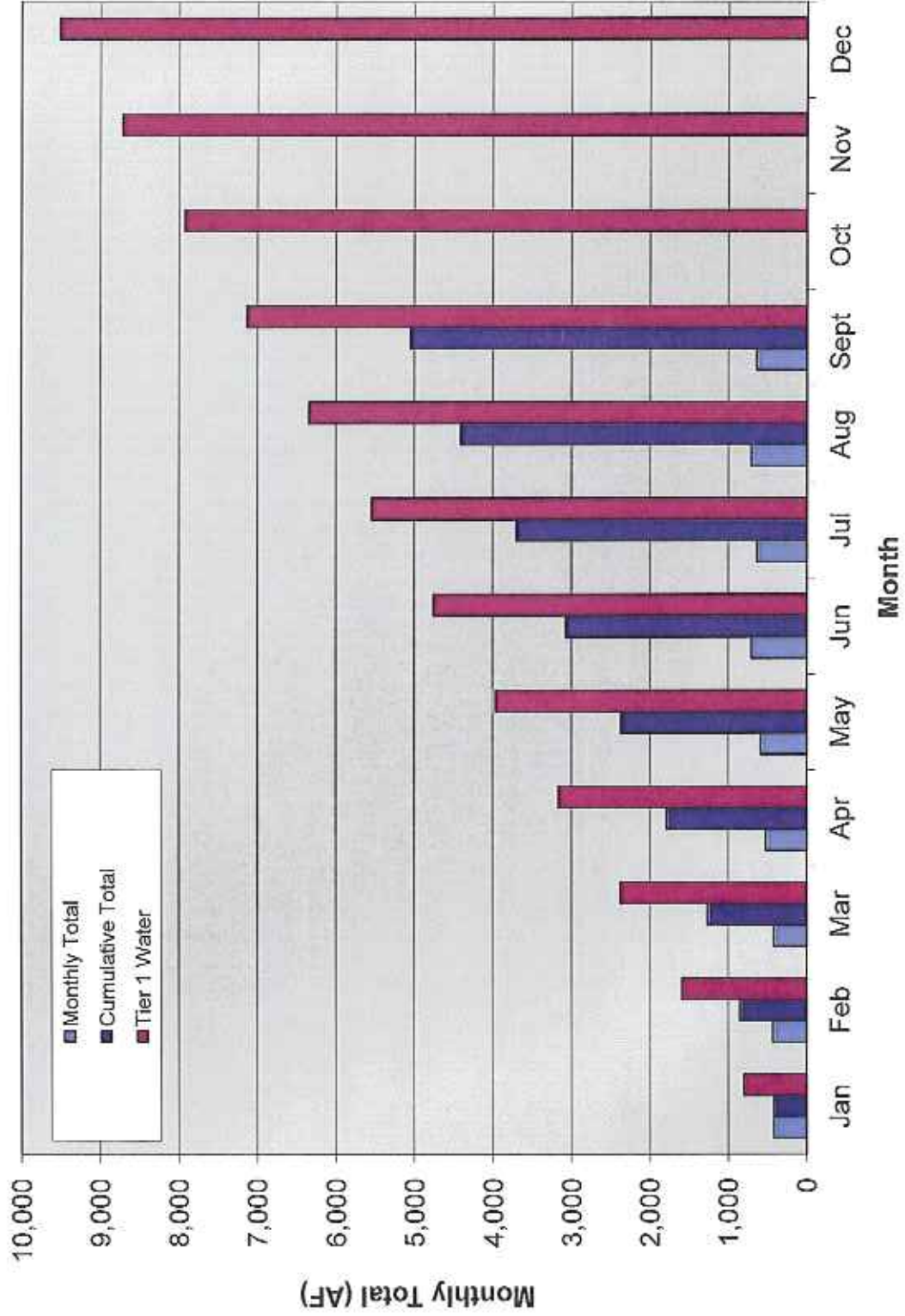


**Rowland JWL Purchases Tier-1 (in Acre-Feet)  
 Calendar Year 2012  
 Year to Date Invoiced as of 1/1/12**

	ACTUAL				ESTIMATED				Percentage Difference
	Cumulative		Balance in Tier 1 (9,508 AF)	Cumulative		Acre Foot Difference			
	Monthly Total	Total		Total	Total				
Jan	416.4	416.4	9,091.6	792	-376	-47.45%			
Feb	429.5	845.9	8,662.1	1,585	-739	-46.62%			
Mar	416.6	1,262.5	8,245.5	2,377	-1,115	-46.89%			
Apr	519.4	1,781.9	7,726.1	3,169	-1,387	-43.78%			
May	587.4	2,369.3	7,138.7	3,962	-1,592	-40.19%			
Jun	704.6	3,073.9	6,434.1	4,754	-1,680	-35.34%			
Jul	632.8	3,706.7	5,801.3	5,546	-1,840	-33.17%			
Aug	703.9	4,410.6	5,097.4	6,339	-1,928	-30.42%			
Sept	639.0	5,049.6	4,458.4	7,131	-2,081	-29.19%			
Oct				7,923	-7,923	-100.00%			
Nov				8,716	-8,716	-100.00%			
Dec				9,508	-9,508	-100.00%			
<b>TOTAL</b>									



**CY 2012 Rowland JWFL Purchases**



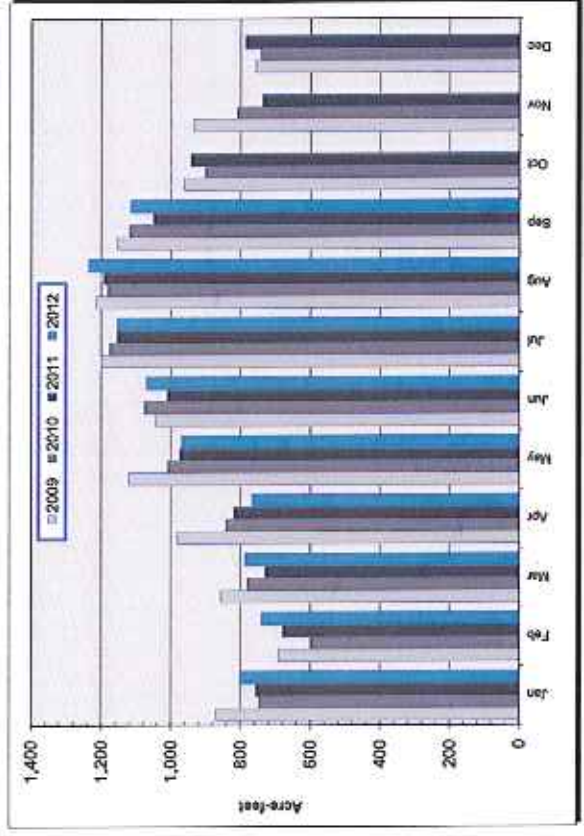
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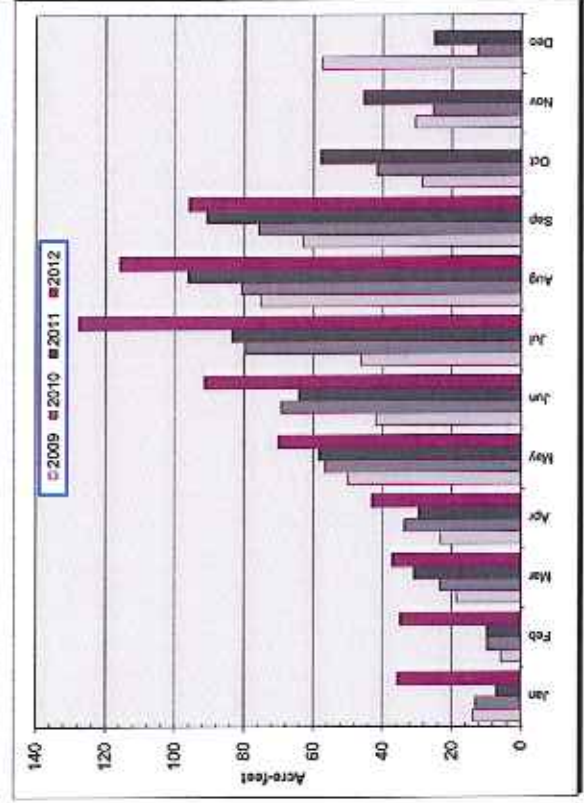


## Water Purchases for CY 2012 (Acre-feet)

	POTABLE SYSTEM				TOTAL
	PM-09	PM-22	JWL PM-15	Miramar	
JAN	0.0	385.3	222.3	194.1	801.7
FEB	0.0	310.7	352.1	77.4	740.2
MAR	0.0	370.8	312.6	104.0	787.4
APR	0.0	287.1	232.3	247.1	766.5
MAY	0.0	382.1	348.1	239.4	969.6
JUN	0.0	366.4	516.6	187.9	1,070.9
JUL	0.0	520.5	578.6	54.2	1,153.3
AUG	0.0	531.9	691.0	13.0	1,235.9
SEP	0.0	477.9	554.8	84.2	1,116.9
OCT					0.0
NOV					0.0
DEC					0.0
<b>TOTAL</b>	<b>0.0</b>	<b>3,632.7</b>	<b>3,808.4</b>	<b>1,201.3</b>	<b>8,642.4</b>

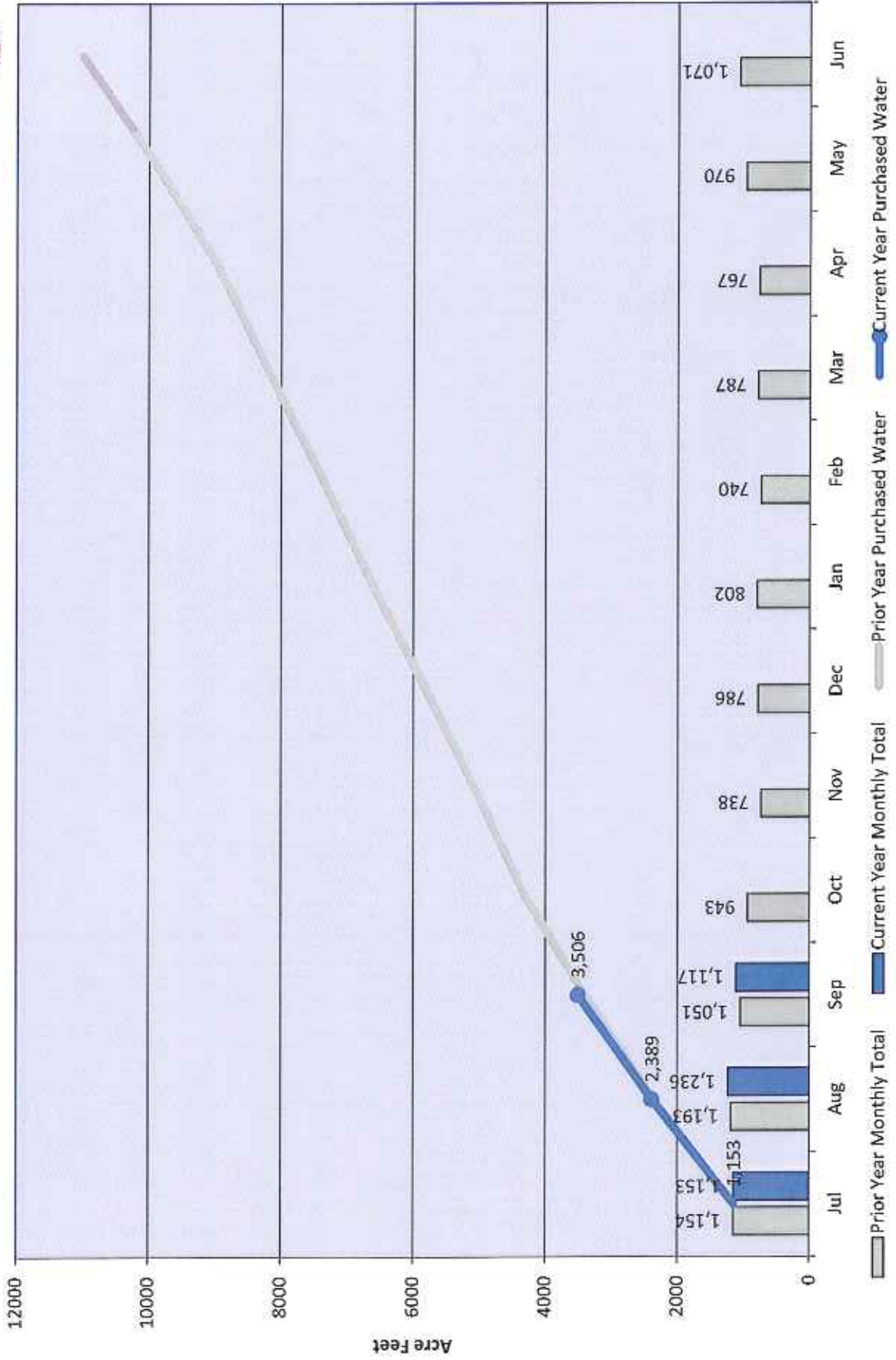


	RECYCLED SYSTEM					TOTAL
	Well 1	Wet Well	WVWD	Industry	Potable Make-up	
	5.7	28.9	1.0	0.1	0.0	35.7
	1.1	26.9	1.0	5.9	0.0	34.9
	0.8	29.6	1.0	5.8	0.0	37.2
	8.4	32.1	1.0	1.6	0.0	43.1
	27.0	30.7	2.0	10.4	0.0	70.1
	36.2	32.0	2.0	21.3	0.0	91.5
	45.7	43.2	4.0	34.8	0.0	127.7
	48.2	3.4	7.0	57.3	0.0	115.9
	49.8	0.0	3.0	43.2	0.0	96.0
						0.0
						0.0
						0.0
<b>TOTAL</b>	<b>222.9</b>	<b>226.8</b>	<b>22.0</b>	<b>180.4</b>	<b>0.0</b>	<b>652.1</b>



# Potable Water Purchases For FY 2012-2013

(Acre-feet)



**1.6**

## **Directors Calendar of Events November 2012**

### **Director Lima scheduled to attend:**

- November 1** -- PBWA Board Meeting (at WVWD) at 9:30 a.m.
- November 7** -- TVMWD Workshop at 8:00 a.m.
- November 13** -- RWD Regular Board Meeting at 6:00 p.m.
- November 21** -- TVMWD Regular Board Meeting at 8:00 a.m.
- November**      -- Project Ad-Hoc Committee Meeting 7:00 a.m. **(To be Determined)**
- November 27** -- RWD Special Board Meeting: Strategic Planning at 5:00 p.m.

### **Director Lu-Yang scheduled to attend:**

- November 7** -- TVMWD Workshop at 8:00 a.m.
- November 13** -- RWD Regular Board Meeting at 6:00 p.m.
- November 21** -- TVMWD Regular Board Meeting at 8:00 a.m.
- November**      -- Project Ad-Hoc Committee Meeting 7:00 a.m. **(To be Determined)**
- November 27** -- RWD Special Board Meeting: Strategic Planning at 5:00 p.m.
- November 29** -- Regional Chamber Board Meeting at 7:30 a.m.?

### **Director Lewis scheduled to attend:**

- November 1** -- PBWA Board Meeting (at WVWD) at 9:30 a.m.
- November 12** -- Regional Chamber Governmental Affairs Meeting at noon
- November 13** -- RWD Regular Board Meeting at 6:00 p.m.
- November 27** -- RWD Special Board Meeting: Strategic Planning at 5:00 p.m.

### **Director Bellah scheduled to attend:**

- November 12** -- RHCCC Meeting at 7:00 p.m.
- November 13** -- RWD Regular Board Meeting at 6:00 p.m.
- November 27** -- RWD Special Board Meeting: Strategic Planning at 5:00 p.m.

### **Director Rios scheduled to attend:**

- November 12** -- RHCCC Meeting at 7:00 p.m.
- November 13** -- RWD Regular Board Meeting at 6:00 p.m.
- November 27** -- RWD Special Board Meeting: Strategic Planning at 5:00 p.m.



# November 2012

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				<b>1</b> PBWA Board Meeting (WVWD) 9:30 am <b>Dirs. Lima/Lewis</b>	<b>2</b>	<b>3</b>
<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b> TVMWD Workshop 8:00 am <b>Dirs.Lima/Lu-Yang</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>11</b> Veterans Day	<b>12</b> Regional Chamber GAC 12:00 noon <b>Dir. Lewis</b> RHCC - 7:00 pm <b>Dirs. Bellah/Rios</b>	<b>13</b> RWD Regular Board Meeting 6:00 pm - <b>ALL</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>
<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b> TVMWD Regular Board Meeting 8:00 am <b>Dirs.Lima/Lu-Yang</b>	<b>22</b> Thanksgiving Day	<b>23</b>	<b>24</b>
<b>25</b>	<b>26</b>	<b>27</b> RWD Special Board Meeting 5:00 pm - <b>ALL</b>	<b>28</b>	<b>29</b> Regional Chamber Board Meeting 7:30 am <b>Dir. Lu-Yang</b>	<b>30</b>	

## **Directors Calendar of Events December 2012**

### **Director Lima scheduled to attend:**

- December 5 -- TVMWD Workshop at 8:00 a.m.
- December 11 -- RWD Regular Board Meeting at 6:00 p.m.
- December 19 -- TVMWD Regular Board Meeting at 8:00 a.m.
- December 20-- PBWA Board Meeting (at RWD) at 7:00 a.m.
- December      -- Project Ad-Hoc Committee Meeting 7:00 a.m. (To be Determined)
- December      -- RWD Special Board Meeting at 5:00 p.m. (To be Determined)

### **Director Lu-Yang scheduled to attend:**

- December 5 -- TVMWD Workshop at 8:00 a.m.
- December 11 -- RWD Regular Board Meeting at 6:00 p.m.
- December 19 -- TVMWD Regular Board Meeting at 8:00 a.m.
- December      -- Project Ad-Hoc Committee Meeting 7:00 a.m. (To be Determined)
- December      -- RWD Special Board Meeting at 5:00 p.m. (To be Determined)
- December 27 -- Regional Chamber Board Meeting at 7:30 a.m.

### **Director Lewis scheduled to attend:**

- December 10 -- Regional Chamber Governmental Affairs Meeting at noon
- December 11 -- RWD Regular Board Meeting at 6:00 p.m.
- December 20-- PBWA Board Meeting (at RWD) at 7:00 a.m.
- December      -- RWD Special Board Meeting at 5:00 p.m. (To be Determined)

### **Director Bellah scheduled to attend:**

- December 10-- RHCCC Meeting at 7:00 p.m.
- December 11 -- RWD Regular Board Meeting at 6:00 p.m.
- December      -- RWD Special Board Meeting at 5:00 p.m. (To be Determined)

### **Director Rios scheduled to attend:**

- December 10 -- RHCCC Meeting at 7:00 p.m.
- December 11 -- RWD Regular Board Meeting at 6:00 p.m.
- December      -- RWD Special Board Meeting at 5:00 p.m. (To be Determined)



# December 2012

Sun	Mon	Tues	Wed	Thu	Fri	Sat
						1
2	3	4	5 TVMWD Workshop 8:00 am Dirs.Lima/ Lu-Yang	6	7	8
9	10 Regional Chamber GAC 12:00 noon Dir. Lewis RHCC – 7:00 pm Dirs. Bellah/ Rios	11 RWD Regular Board Meeting 6:00 pm - ALL	12	13	14	15
16	17	18	19 TVMWD Regular Board Meeting 8:00 am Dirs.Lima/ Lu-Yang	20 PBWA Board Meeting (RWD) 7:00 am Dirs.Lima/ Lu-Yang	21	22
23	24 Christmas Eve OFFICE CLOSED	25 Christmas Day OFFICE CLOSED	26	27 Regional Chamber Board Meeting 7:30 am Dir. Lu-Yang	28	29
30	31					


**2.1**



## OCTOBER 2012 DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimburse	No Charge	Additional Comments <i>(Submit info if you are claiming mileage reimbursement)</i>
<b>Anthony J. Lima</b>					
	10/03/12	Three Valleys Workshop	\$110.00		Mileage
	10/04/12	PBWA Meeting at RWD	\$110.00		
	10/09/12	RWD Board Meeting	\$110.00		
	10/17/12	Three Valleys Board Meeting	\$110.00		Mileage
	10/18/12	PWR at Walnut	\$110.00		Mileage
	10/20/12	Buckboard Day Parade & Festival		X	
	10/30/12	RWD Special Board Meeting	\$110.00		
	10/31/12	Project Ad-Hoc Committee at RWD	\$110.00		
		<b>TOTAL PAYMENT</b>	<b>\$770.00</b>		
<b>John Bellah</b>					
	10/03/12	Three Valleys Workshop		X	
	10/04/12	PBWA Meeting at RWD	\$88.00		
	10/08/12	RHCC Board Meeting	\$88.00		
	10/09/12	RWD Board Meeting	\$88.00		
	10/10/12	RHCC Board Meeting		X	
	10/18/12	PWR at Walnut	\$88.00		
	10/30/12	RWD Special Board Meeting	\$88.00		
		<b>TOTAL PAYMENT</b>	<b>\$440.00</b>		
<b>Robert W. Lewis</b>					
	10/04/12	PBWA Meeting at RWD	\$110.00		
	10/08/12	San Gabriel Valley Chamber Gov. Affairs	\$110.00		
	10/09/12	RWD Board Meeting	\$110.00		
	10/20/12	Buckboard Day Parade & Festival		X	
	10/30/12	RWD Special Board Meeting	\$110.00		

		<b>TOTAL PAYMENT</b>	<b>\$440.00</b>		
<b>Szu-Pei Lu Yang</b>					
	10/03/12-10/05/12	ACWA Conference	\$330.00		Mileage, Car Rental & Gas
	10/09/12	RWD Board Meeting	\$110.00		
	10/13/12	CAC Conference	\$110.00		Mileage
	10/30/12	RWD Special Board Meeting	\$110.00		
	10/31/12	Project Ad-Hoc Committee Meeting at RWD	\$110.00		
		<b>TOTAL PAYMENT</b>	<b>\$770.00</b>		
<b>Teresa Rios</b>					
	10/08/12	RHCC Board Meeting	\$110.00		
	10/09/12	RWD Board Meeting	\$110.00		
	10/20/12	Buckboard Day Parade & Festival		X	
	10/30/12	RWD Special Board Meeting	\$110.00		
		<b>TOTAL PAYMENT</b>	<b>\$330.00</b>		

APPROVED FOR PAYMENT:  
  
 Kerl Deck

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To the Board of Directors  
and Management of  
Rowland Water District  
Rowland Heights, California

In planning and performing our audit of the financial statements of Rowland Water District (the District) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency:

Construction in Progress

We noted that project costs related to master plans, alternative water supply feasibility studies, and customer development are still being capitalized in the construction in progress account. These project types do not meet the preconditions for capitalization. A cost should be capitalized only if it is directly identifiable with a specific capital asset and only if it is incurred after the acquisition of the related capital asset has come to be considered probable. We recommend that management review and modify its controls over asset capitalization to ensure that these preconditions are met before including the project costs in the construction in progress account.



We also noted another deficiency in internal control that is not considered to be a material weakness or a significant deficiency, yet is an opportunity for management to strengthen existing internal controls. This other matter is as follows:

Water in Storage

We noted that certain transactions were not accounted for correctly resulting in an incorrect account balance for water in storage at year end. Water in storage transactions are typically infrequent, but they usually involve large dollars so it is important to ensure that such transactions are recorded properly. We recommend that management implement control procedures to ensure that water in storage transactions are recorded at the time they take place. In addition, additional year-end closing procedures should be added to ensure that the water in storage schedule reconciles with the general ledger.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California  
\_\_\_\_\_, 2012

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To the Board of Directors  
Rowland Water District  
Rowland Heights, California

We have audited the financial statements of Rowland Water District for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 27, 2012 and our teleconferences with the President and Vice President of the Board. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings:**

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Rowland Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended June 30, 2012. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- a. The estimate of the fair market value of investments which is based on market values provided by the investment custodian.
- b. The estimated useful lives of capital assets used for depreciation purposes which are based on industry standards.
- c. The annual required contribution of the District's defined benefit pension plan administered by CalPERS which is based on an actuarial valuation.
- d. The annual required contribution, the funded status and the funding progress for the District's other post-employment benefit plan which are based on an actuarial valuation.

## Significant Audit Findings (Continued):

### Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reported in Note 8 regarding the District's defined benefit pension plan and Note 9 regarding the District's other post-employment benefit plan.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audited procedures were corrected by management:

- a. The recording of the current year expense and adjustment to the liability related to the District's other post-employment benefit plan.
- b. The removal of costs related to certain projects from the construction in progress account that do not qualify for capitalization.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated October XX, 2012.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Rowland Water District and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California  
October XX, 2012

DRAFT

**ROWLAND WATER DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**JUNE 30, 2012 AND 2011**

DRAFT



ROWLAND WATER DISTRICT

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Rowland Water District  
Rowland Heights, California

We have audited the basic financial statements of the Rowland Water District as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Rowland Water District as of June 30, 2012 and 2011 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the California State Controller's Office and California regulations governing Special Districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefit plan - schedule of funding progress, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of other operating expenses and schedules of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the District or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Irvine, California  
DATE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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# ROWLAND WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

#### Fiscal Year 2012

- The District's total net assets decreased by \$1,213,479 or 1.92 percent.
- During the year, the District's total revenues increased to \$17,214,943 or 4.33 percent, and total expenses increased to \$18,592,478 or 9.00 percent.
- Capital Assets, net of related debt increased to \$43,615,335 or 3.71 percent over last year.

#### Fiscal Year 2011

- The District's total net assets decreased by \$404,299 or 0.63 percent.
- During the year, the District's total revenues increased to \$16,414,591 or 4.73 percent, and total expenses increased to \$17,056,666 or 17.08 percent.
- Capital Assets, net of related debt decreased to \$42,055,597 or 0.11 percent over last year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

### REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statements of Net Assets include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Assets. These statements measure the success of the District's operations over the past two years and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of the statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

See independent auditors' report.



ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**FINANCIAL ANALYSIS OF THE DISTRICT**

Our analysis of the District begins on page 16 of the Financial Statements. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These statements report the net assets of the District and changes in them. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation.

**NET ASSETS**

To begin our analysis, a summary of the District's Net Assets is presented in Table 1.

**TABLE 1**  
**Condensed Statements of Net Assets**

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Fiscal Year 2010 (As Restated)	Dollar Change
<b>Assets:</b>					
Current, restricted and other assets	\$ 22,242,610	\$ 24,568,109	\$ (2,325,499)	\$ 25,608,114	\$ (1,040,005)
Capital assets	63,167,918	61,887,095	1,280,823	61,894,753	(7,658)
<b>Total Assets</b>	<b>85,410,528</b>	<b>86,455,204</b>	<b>(1,044,676)</b>	<b>87,502,867</b>	<b>(1,047,663)</b>
<b>Liabilities:</b>					
Current liabilities	2,905,496	2,731,921	173,575	2,994,565	(262,644)
Noncurrent liabilities	20,384,189	20,388,961	(4,772)	20,769,681	(380,720)
<b>Total Liabilities</b>	<b>23,289,685</b>	<b>23,120,882</b>	<b>168,803</b>	<b>23,764,246</b>	<b>(643,364)</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	43,615,335	42,055,597	1,559,738	42,102,764	(47,167)
Restricted	1,524,688	1,524,743	(55)	1,833,167	(308,424)
Unrestricted	16,980,820	19,753,982	(2,773,162)	19,802,690	(48,708)
<b>Total Net Assets</b>	<b>\$ 62,120,843</b>	<b>\$ 63,334,322</b>	<b>\$ (1,213,479)</b>	<b>\$ 63,738,621</b>	<b>\$ (404,299)</b>

See independent auditors' report.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**NET ASSETS (CONTINUED)**

As can be seen from Table 1, total assets decreased by \$1,044,676 from fiscal year 2011 to 2012. The majority of this decrease comes from current, restricted and other assets that saw a \$2,325,499 or 9.47% decrease from fiscal year 2011. This decrease was caused by a reduction in the District's cash reserves that was used in the purchases of additional water rights and water for storage. Rowland Water District in conjunction with the Puente Basin Water Agency (PBWA) purchased 182.5 acre feet of water rights in the Central Basin. The Central Basin is located in the South Bay Area of Southern California. It consists of the City of Whittier and continues south to Long Beach. It also encompasses the eastern borders of the Norwalk and Downey Areas. The District's cost for the water rights was \$1,491,025. The District also purchased 1,636.9 acre feet of Cyclic Storage Water that is being stored in the Main San Gabriel Basin. The Main San Gabriel Basin is located in the San Gabriel Valley in Southern California and encompasses the City of La Verne and includes areas east to Monterey Park. The Cyclic Storage Water was purchased at a cost of \$527 per acre foot for a total cost of \$862,646. This was the majority of the decrease in total assets for the fiscal year.

When construction projects are completed, they are subsequently capitalized and become depreciating assets. Large projects completed during fiscal year 2012 included:

**New Recycled Water Service Connections:** Rowland Water District received 100 percent of its potable water supplies from either the Metropolitan Water District of Southern California (MWD) or Three Valleys Municipal Water District (TVMWD). These agencies import and treat water from Northern California or the Colorado River. The District is seeking to reduce its reliance on imported water supplies by diversifying its water supply portfolio and expanding the availability of recycled water service. The District has had eight recycled water customers since 1985 and by securing additional sources and expanding the existing distribution system, recycled service was made available to additional parks, schools, and major commercial corridors. As authorized by the Rowland Water District Board of Directors, district work forces and funds were utilized to convert select non-residential irrigation systems from potable water sources to recycled water sources. The District funded the engineering expenses for preparing irrigation plans and submitted the plans and the required \$1,557 application review fee to the Los Angeles County, Department of Public Health. Following LACO-DPH approval, the District purchased all materials necessary for in-house work forces to separate and retrofit existing irrigational systems. Although District policy requires that all cost for new recycled water service requests are borne by the owner/developer, the District established 24 additional recycled water customers during fiscal year 2011-2012. The total number of customers converted to the recycled water is now 108.

See independent auditors' report.

# ROWLAND WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2012

### NET ASSETS (CONTINUED)

Large projects completed during fiscal year 2012 included (Continued):

**Purchase of Groundwater Rights:** Rowland Water District (RWD) imports 100% of its potable water supply from Metropolitan Water District (MWD). This water, which is transported from Northern California and the Colorado River, is purchased through Three Valleys Municipal Water District, a wholesale water agency that sells MWD water. It currently costs RWD about \$9.3 million to purchase water each year from MWD. MWD has announced increases in its wholesale water rate of five percent (5%) for the next two years and three percent (3%) per year thereafter. With the purchase of 182.5 acre feet of groundwater rights, RWD projects that about fifteen percent (15%) of its drinking water will come from local groundwater sources by the end of 2012. With additional groundwater projects in development, RWD anticipates another forty percent (40%) could be shifted from expensive imported sources. This major investment demonstrates a long-term strategy to diversify water supplies and reduce RWD's vulnerability to potential shortages from any one source. RWD anticipates that it will save approximately \$150-\$300 per acre foot in direct comparison to water purchased from Metropolitan Water District.

A further review shows total liabilities increased by \$168,803 or 0.73% from fiscal year 2011 to 2012. The increase was caused by two main sources. The first is an increase in deferred construction advances. The amount increased by \$135,135 or 45.57% from the previous year. Deferred construction advances are funds deposited by contractors for projects being worked on by the District. When these projects are completed, any remaining funds that are not owed to the District or to an outside vendor for work performed are returned to the contractor. When the funds for the project are deposited with the District, they become a liability on the District's books. These funds are earmarked to be used only for the project of the individuals who deposited them. Upon completion of the project, the District reduces the construction advance by the amount of the time and materials/project administration it used for the project and any remaining funds are returned to the depositor. The second is an increase in the District's other post employment benefits (OPEB) obligation. A trust was established in April, 2011 to begin to fund the District's annual required contribution (ARC). The accrued net OPEB obligation was increased by \$305,650 or 60.57% from the previous fiscal year.

See independent auditors' report.



ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

NET ASSETS (CONTINUED)

TABLE 2

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Fiscal Year 2010 (As Restated)	Dollar Change
Revenues:					
Operating revenues	\$ 16,351,144	\$ 15,675,202	\$ 678,942	\$ 14,572,665	\$ 1,102,537
Nonoperating revenues	860,799	739,389	121,410	1,100,555	(361,166)
Total Revenues	17,214,943	16,414,591	800,352	15,673,220	741,371
Expenses:					
Operating expenses	17,270,674	16,006,547	1,264,127	14,335,803	1,670,744
Nonoperating expenses	1,321,804	1,050,119	271,685	232,960	817,159
Total Expenses	18,592,478	17,056,666	1,535,812	14,568,763	2,487,903
Income (loss) before Capital Contributions	(1,377,535)	(642,075)	(735,460)	1,104,457	(1,746,532)
Capital contributions	164,056	237,776	(73,720)	155,868	81,908
Change in Net Assets	(1,213,479)	(404,299)	(809,180)	1,260,325	(1,664,624)
Beginning Net Assets, as Restated	63,334,322	63,738,621	(404,299)	62,478,296	1,260,325
Ending Net Assets, as Restated	\$ 62,120,843	\$ 63,334,322	\$ (1,213,479)	\$ 63,738,621	\$ (404,299)

While the Statement of Net Assets shows the change in financial position, the Statements of Revenues, Expenses, and Changes in Net Assets provide answers as to the nature and source of these changes. As can be seen in Table 2, Loss before Capital Contributions of \$(1,377,535) and Capital Contributions of \$164,056 resulted in a decrease in ending net assets of \$1,213,479 or 200.14% in fiscal year 2012.

A closer examination of the source of changes in Net Assets reveals that the District's total revenues increased by \$800,352 or 4.88% in fiscal year 2012. Of this amount, operating revenues increased by \$678,942 or 4.33% and its nonoperating revenues increased by \$121,410 or 16.42% in the past fiscal year.

See independent auditors' report.

# ROWLAND WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2012

### NET ASSETS (CONTINUED)

The main factor attributing to the increase in operating revenues was an increase in water rate and service charge that became effective on January 1, 2012. The base rate increased \$0.11 from \$2.19 to \$2.30 or 5.02%. Water use over 16 hcf is paid at a higher rate. The monthly service charge for standard 5/8" to 3/4" meters increased \$0.69 from \$18.62 to \$19.31 or 3.71%. The District continues to use conservation rates that were initially implemented in January, 2009. The conservation rates as of January, 2012 were a base rate of \$2.30 for 1-16 hcf, \$2.61 for 17-23 hcf, and \$3.30 for 24+ hcf. The District has six different pumping zones. Pumping charges cover the energy cost to pump water to each zone of elevation over Zone 1. The additional pumping cost is added to the base rate if the property resides in Zone 2 through Zone 6.

Nonoperating revenues also increased significantly in 2012. Investment income increased by \$12,934 or 3.41% for fiscal year 2011 to 2012. The District had cash and investments totaling \$17,880,056 ending fiscal year, a decrease of \$3,729,355 from 2011. Approximately 19% of the District's cash and investments are held in cash, short-term CD's, money market mutual funds, or the State of California Local Agency Investment Fund (LAIF). LAIF saw its yield reduced from 0.45% ended fiscal year 2011 to 0.36% ended fiscal year 2012. Realized and unrealized loss on investments increased by \$103,061 or 141%. This is a decrease in the value of the District's bond portfolio as new issues are purchased and lower interest rates. This causes the value of the portfolio to decrease as lower yielding securities replace higher yielding ones in times of declining interest rates. It is important to note that this is a reduction in the unrealized gain or book value of the portfolio only. District securities are not sold for a loss of principal.

Total operating revenues increased by \$678,942 or 4.33% while operating expenses increased by 7.90%. This resulted in operating loss of \$585,185 in fiscal year 2012. While the District saw total water sales revenue increase by \$473,599 or 4.32% from fiscal year 2011, Source of Supply costs increased \$489,825 or 5.79% from fiscal year 2011. Source of Supply includes the cost of potable and reclaimed water along with MWD and TVMWD fixed charges. The average cost of an acre foot of water increased 5.17% from \$754 in 2011 to \$793 in 2012. Fixed charges had no increase from 2011 to 2012. Pumping power cost decreased by \$34,353 or 3.96% from fiscal year 2011. These factors along with 13.8% increase in general and administrative expenses saw total operating expenses increase by \$1,264,127 from the previous year. It is important to note that depreciation expense is the yearly accumulated depreciation on the District capital assets, not a figure paid by the District for the cost of the depreciated assets. The District does continue to fund 100% of depreciation through its rates and charges.

See independent auditors' report.



ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

BUDGETARY HIGHLIGHTS

TABLE 3  
Budget vs. Actual

	Fiscal Year 2012		
	Actual	Budget	Variance
Revenues:			
Operating revenues	\$ 16,354,144	\$ 16,265,000	\$ 89,144
Nonoperating revenues	860,799	870,000	(9,201)
Total Revenues	<u>17,214,943</u>	<u>17,135,000</u>	<u>79,943</u>
Expenses:			
Operating Expenses:			
Source of supply	8,953,225	9,020,000	66,775
Pumping and power	834,151	823,000	(11,151)
Transmission and distribution	1,005,971	1,022,000	16,029
Customer services	137,355	148,000	10,645
Depreciation expenses	2,120,426	2,000,000	(120,426)
Other operating expenses	455,365	135,000	(320,365)
General and administrative expenses	3,764,181	3,400,000	(364,181)
Total Operating Expenses	<u>17,270,674</u>	<u>16,548,000</u>	<u>(722,674)</u>
Nonoperating expenses	<u>1,321,804</u>	<u>1,500,000</u>	<u>178,196</u>
Total Expenses	<u>18,592,478</u>	<u>18,048,000</u>	<u>(544,478)</u>
Change in Net Assets	<u>\$ (1,377,535)</u>	<u>\$ (913,000)</u>	<u>\$ (464,535)</u>

In looking at Table 3, Budget vs. Actual, the discrepancy in net income over budgeted net income is \$464,535 or (50.88)%. Total Revenues show a positive variance of \$79,943 or 4.37% from actual.

Total operating expenses saw a negative variance of \$722,674 or 4.37%. This also is a percentage variance within the expected budget range. Nonoperating expenses saw a positive variance of \$178,196 or 11.88% from actual. These expenses account for the interest expense and the amortization expense bond issuance costs associated with the Recycled Water Certificates of Participation. Total expenses showed a 3.02% variance above the budgeted amount.

See independent auditors' report.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2012, the District had invested \$63,167,918 in a broad range of infrastructure as shown in Table 4.

TABLE 4  
Capital Assets

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Fiscal Year 2010 (As Restated)	Dollar Change
Capital assets, not being depreciated:					
Land	\$ 261,340	\$ 261,340	\$ -	\$ 261,340	\$ -
Water rights	1,496,025	5,000	1,491,025	-	5,000
Construction in progress	3,082,493	2,704,517	377,976	8,946,978	(6,242,461)
Total capital assets, not being depreciated	4,839,858	2,970,857	1,869,001	9,208,318	(6,237,461)
Capital assets, being depreciated:					
Intangible plant	877,484	810,935	66,549	125,106	685,829
Sources of supply plant	1,998,543	1,767,023	231,520	1,767,023	-
Pumping plant	10,037,819	10,037,819	-	9,929,673	108,146
Transmission and distribution plant	60,363,747	59,216,182	1,147,565	51,930,126	7,286,056
Telemetry equipment	1,332,302	1,332,302	-	1,332,302	-
General plant	550,403	550,403	-	550,403	-
Office building and equipment	4,321,686	4,231,305	90,381	4,225,972	5,333
Transportation equipment	647,923	651,690	(3,767)	651,690	-
Communication equipment	133,902	133,902	-	133,902	-
Total capital assets, being depreciated	80,263,809	78,731,561	1,532,248	70,646,197	8,085,364
Less accumulated depreciation	(21,935,749)	(19,815,323)	(2,120,426)	(17,959,762)	(1,855,561)
Total capital assets, being depreciated, net	58,328,060	58,916,238	(588,178)	52,686,435	6,229,803
Total capital assets, net	\$ 63,167,918	\$ 61,887,095	\$ 1,280,823	\$ 61,894,753	\$ (7,658)

Additional information on the District's capital assets can be found in Note 4 of the notes to basic financial statements.

See independent auditors' report.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**DEBT ADMINISTRATION**

At the end of fiscal year 2012, the District had noncurrent liabilities totaling \$20,684,189 as shown in Table 5.

**TABLE 5  
Noncurrent Liabilities**

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Fiscal Year 2010	Dollar Change
Certificates of Participation	\$ 19,720,000	\$ 20,005,000	\$ (285,000)	\$ 20,280,000	\$ (275,000)
Less: Unamortized discount	(167,417)	(173,502)	6,085	(179,587)	6,085
Net Certificates of Participation	19,552,583	19,831,498	(278,915)	20,100,413	(268,915)
Compensated absences	321,351	337,858	(16,507)	332,016	5,842
Accrued net OPEB obligation	810,255	504,605	305,650	612,252	(107,647)
	<u>\$ 20,684,189</u>	<u>\$ 20,673,961</u>	<u>\$ 10,228</u>	<u>\$ 21,044,681</u>	<u>\$ (370,720)</u>

The District currently has three sources of Noncurrent Liabilities in 2012. The largest is a Certificate of Participation (COP) that was issued in January 2009. These funds are being used for the expansion of the District's Recycled Water System. The goal is to lower the dependence on import water by producing recycled water at a lower cost. Recycled water can be used for irrigation at school, parks, industrial buildings, etc. The increase in compensated absences is attributed to more sick and vacation time being due to current employees. This could be due to employees selling back or using less sick and vacation time and the District have a higher liability at year end. Compensated absences are District liabilities for accrued sick and vacation time on the books for current employees. These liabilities would have to be paid at the employee's retirement or separation from service. Net OPEB obligations refer to Other Post Employment Benefits that would be owed to employees upon retirement. As discussed in Note 9, this liability arose from the implementation of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". The OPEB obligation is the difference between the actuarially-determined annual required contribution and the actual contributions made. The District currently funds these expenses on a pay-as-you-go basis, but is considering other funding options in the future.

Additional information on the District's noncurrent liabilities can be found in Notes 5, 6 and 9 of the notes to basic financial statements.

See independent auditors' report.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors when setting the fiscal year 2013 Budget, user fees, and charges. A projection is made on the amount of acre feet of water that will be purchased and sold. The District also looks at the increase in the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Most are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as Automobile and Truck Expenses or Workers' Compensation Insurance. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected.

**TABLE 6**  
**Fiscal Year 2013 Budget vs. Fiscal Year 2012 Actual**

	Fiscal Year 2012 Actual	Fiscal Year 2013 Budget	Variance
Revenues:			
Operating revenues	\$ 16,354,144	\$ 17,005,000	\$ 650,856
Nonoperating revenues	860,799	785,000	(75,799)
Total Revenues	<u>17,214,943</u>	<u>17,790,000</u>	<u>575,057</u>
Expenses:			
Operating Expenses:			
Source of supply	8,953,225	9,620,000	(666,775)
Pumping and power	834,151	850,000	(15,849)
Transmission and distribution	1,005,971	1,090,000	(84,029)
Customer services	137,355	155,000	(17,645)
Depreciation expenses	2,120,426	-	2,120,426
Other operating expenses	455,365	400,000	55,365
General and administrative expenses	3,764,181	3,900,000	(135,819)
Total Operating Expenses	<u>17,270,674</u>	<u>16,015,000</u>	<u>1,255,674</u>
Nonoperating expenses	<u>1,321,804</u>	<u>1,500,000</u>	<u>(178,196)</u>
Total Expenses	<u>18,592,478</u>	<u>17,515,000</u>	<u>1,077,478</u>
Change in Net Assets	<u>\$ (1,377,535)</u>	<u>\$ 275,000</u>	<u>\$ 1,652,535</u>

See independent auditors' report.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**CONTACTING THE DISTRICT'S FINANCIAL OFFICER**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Scan S. Henry, Finance Officer, Rowland Water District.

DRAFT



**BASIC FINANCIAL STATEMENTS**

DRAFT

ROWLAND WATER DISTRICT  
STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 814,890	\$ 3,057,927
Investments	14,949,372	16,576,185
Accounts receivable, net of allowance for doubtful accounts of \$30,000	2,465,670	2,137,670
Interest receivable	56,456	81,530
Supply inventories	143,595	93,506
Water in storage	1,355,537	301,537
Prepaid expenses	46,906	39,365
TOTAL CURRENT ASSETS	19,832,426	22,287,720
RESTRICTED ASSETS:		
Cash and cash equivalents	2,115,794	1,975,299
CAPITAL ASSETS:		
Capital assets, not being depreciated	4,839,858	2,970,857
Capital assets, being depreciated	80,263,809	78,731,561
Less accumulated depreciation	(21,935,749)	(19,815,323)
TOTAL CAPITAL ASSETS, NET	63,167,918	61,887,095
OTHER NONCURRENT ASSETS:		
Bond issuance costs, net of accumulated amortization	294,390	305,090
TOTAL ASSETS	85,410,528	86,455,204

(Continued)

See independent auditors' report and notes to basic financial statements.

ROWLAND WATER DISTRICT  
STATEMENTS OF NET ASSETS  
(CONTINUED)

June 30, 2012 and 2011

	2012	2011
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED ASSETS):</b>		
Accounts payable	\$ 1,915,569	\$ 1,846,709
Interest payable	98,821	149,656
Current portion of certificates of participation	300,000	285,000
	<u>2,314,390</u>	<u>2,281,365</u>
 <b>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS):</b>		
Accounts payable	-	55
Refundable customer deposits	159,409	153,939
Deferred construction advances	431,697	296,562
	<u>591,106</u>	<u>450,556</u>
 <b>TOTAL CURRENT LIABILITIES</b>	<u>2,905,496</u>	<u>2,731,921</u>
 <b>NONCURRENT LIABILITIES:</b>		
Compensated absences	321,351	337,858
Accrued net OPEB obligation	810,255	504,605
Certificates of participation	19,552,583	19,831,498
Less: current portion	(300,000)	(285,000)
	<u>20,384,189</u>	<u>20,388,961</u>
 <b>TOTAL NONCURRENT LIABILITIES</b>	<u>20,384,189</u>	<u>20,388,961</u>
 <b>TOTAL LIABILITIES</b>	<u>23,289,685</u>	<u>23,120,882</u>
 <b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	43,615,335	42,055,597
Restricted for debt service	1,524,688	1,524,743
Unrestricted	16,980,820	19,753,982
 <b>TOTAL NET ASSETS</b>	<u>\$ 62,120,843</u>	<u>\$ 63,334,322</u>

See independent auditors' report and notes to basic financial statements.

ROWLAND WATER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
<b>OPERATING REVENUES:</b>		
Water sales:		
Residential	\$ 6,566,375	\$ 6,027,091
Business	4,253,065	3,968,865
Public entities	162,548	143,581
Industrial	6,197	12,542
Reclaimed water	419,915	309,875
Other	35,658	508,205
	11,443,758	10,970,159
Water services:		
Water service charges	4,623,480	4,383,089
Nonrefundable new service fees	40,870	46,010
Reconnection fees	21,685	24,255
Customer penalties	191,129	196,713
Other	33,222	54,976
	4,910,386	4,705,043
	16,354,144	15,675,202
<b>OPERATING EXPENSES:</b>		
Source of supply	8,953,225	8,463,400
Pumping and power	834,151	868,504
Transmission and distribution	1,005,971	949,055
Customer services	137,355	151,983
Depreciation expense	2,120,426	1,855,561
Other operating expenses	455,365	410,439
General and administrative expenses	3,764,181	3,307,605
	17,270,674	16,006,547
	(916,530)	(331,345)

(Continued)

See independent auditors' report and notes to basic financial statements.

ROWLAND WATER DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 (CONTINUED)

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income:		
Interest and dividend income	\$ 391,966	\$ 379,032
Realized and unrealized loss on investments	(176,064)	(73,003)
Property tax revenues	255,964	226,424
Gain on disposition of assets	26,128	20,583
Miscellaneous income	186,741	186,353
Interest expense	(1,128,955)	(1,033,334)
Amortization of debt discount and issuance costs	(16,785)	(16,785)
	<u>(461,005)</u>	<u>(310,730)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(461,005)</u>	 <u>(310,730)</u>
 NET LOSS BEFORE CAPITAL CONTRIBUTIONS	 <u>(1,377,535)</u>	 <u>(642,075)</u>
 CAPITAL CONTRIBUTIONS:		
Contributions from developers	<u>164,056</u>	<u>237,776</u>
 CHANGE IN NET ASSETS	 <u>(1,213,479)</u>	 <u>(404,299)</u>
 NET ASSETS - BEGINNING OF YEAR	 <u>63,334,322</u>	 <u>63,738,621</u>
 NET ASSETS - END OF YEAR	 <u>\$ 62,120,843</u>	 <u>\$ 63,334,322</u>

See independent auditors' report and notes to basic financial statements.



ROWLAND WATER DISTRICT  
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 16,031,614	\$ 15,946,572
Cash payments to suppliers for goods and services	(13,991,087)	(12,252,728)
Cash payments to employees for services	(1,912,843)	(2,233,704)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>127,684</b>	<b>1,460,140</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from property taxes	255,964	226,424
Other receipts	186,741	186,353
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>442,705</b>	<b>412,777</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(3,401,249)	(1,679,974)
Proceeds from sale of capital assets	26,128	20,583
Change in deferred construction advances	135,135	(69,976)
Principal payments on certificates of participation	(285,000)	(275,000)
Interest paid	(1,179,790)	(1,202,638)
Capital contributions received	164,056	237,776
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(4,540,720)</b>	<b>(2,969,229)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(4,966,390)	(3,395,794)
Proceeds from sale of investments	6,417,139	3,565,737
Investment income	417,040	388,903
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,867,789</b>	<b>558,846</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,102,542)</b>	<b>(537,466)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>5,033,226</b>	<b>5,570,692</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,930,684</b>	<b>\$ 5,033,226</b>

See independent auditors' report and notes to basic financial statements.

(Continued)

ROWLAND WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
(CONTINUED)

For the years ended June 30, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (916,530)	\$ (331,345)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	2,120,426	1,855,561
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(328,000)	50,165
(Increase) decrease in supply inventories	(50,089)	(1,745)
(Increase) decrease in water in storage	(1,054,000)	191,492
(Increase) decrease in prepaid expenses	(7,541)	(890)
Increase (decrease) in accounts payable	68,805	(231,006)
Increase (decrease) in refundable customer deposits	5,470	29,713
Increase (decrease) in compensated absences	(16,507)	5,842
Increase (decrease) in accrued net OPEB obligation	305,650	(107,647)
	<u>\$ 127,684</u>	<u>\$ 1,460,140</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amortization of debt discount and issuance costs	<u>\$ 16,785</u>	<u>\$ 16,785</u>

See independent auditors' report and notes to basic financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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# ROWLAND WATER DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012 and 2011

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### a. Nature of Organization:

The Rowland Water District (the District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform from a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry and West Covina. The service area's population is approximately 60,000.

#### b. Basis of Presentation:

The District's activities are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

#### c. Measurement Focus and Basis of Accounting:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Net Assets:

Net assets of the District can be classified into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

e. Uniform System of Accounts for Water Utility Districts:

The District follows the procedures and policies described by the Controller of the State of California for uniform system of accounts for nonprofit water utility districts.

f. Operating Revenues and Expenses:

Operating revenues, such as water sales and services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets.

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents have been defined as unrestricted demand deposits and highly liquid investments with maturity of three months or less at date of purchase.

h. Investments:

Investments are stated at fair value (quoted market price or the best available estimates thereof). Net increase (decrease) in the fair value of investments, which consists of realized gains (losses) and the unrealized gains (losses), is shown in the statement of revenues, expenses and changes in net assets.

i. Restricted Assets:

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

j. Accounts Receivable:

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts.

k. Inventories and Water in Storage:

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves and various fittings. Inventories are valued at cost using the first-in, first-out (FIFO) method.

Water in storage is valued at average cost.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

l. Capital Assets and Depreciation:

Capital assets are stated at cost, net of accumulated depreciation. District policy has set the capitalization threshold for reporting capital assets at \$2,500. Depreciation is recorded on the straight-line basis over the estimated useful lives ranging from 5 to 75 years. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

m. Amortization:

Bond issuance costs and bond discounts are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization expense aggregated \$16,785 for both years ended June 30, 2012 and 2011.

n. Capitalized Interest:

The District incurred interest charges on the Certificates of Participation (Note 5) totaling \$1,140,715 and \$1,201,263 for the years ended June 30, 2012 and 2011, respectively. \$11,760 and \$167,929 of these amounts have been capitalized as additions to the cost of construction for the years ended June 30, 2012 and 2011, respectively.

o. Restricted Liabilities:

Certain liabilities which are currently payable have been classified as current liabilities payable from restricted assets and assets have been restricted for their payment.

p. Deferred Construction Advances and Capital Contributions:

Construction advances from developers are deferred during the period of construction. When a project is completed, the applicable deferred advances are allocated to the contributed capital. Also, capital contributions represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment.

q. Property Taxes:

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government.

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

q. Property Taxes (Continued):

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 10 Second Installment - February 10
Delinquent Date:	First Installment - December 10 Second Installment - April 10

r. Compensated Absences:

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

s. Claims and Judgments:

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its participation in the Joint Power Insurance Authority program. At June 30, 2012 and 2011, in the opinion of the District's legal counsel, the District had no material claims which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenses when paid.

t. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS:

**Cash and Investments:**

Cash and investments as of June 30, 2012 and June 30, 2011 are reported in the accompanying combined financial statements as follows:

	<u>2012</u>	<u>2011</u>
Financial Statement Classification:		
Unrestricted:		
Cash and cash equivalents	\$ 814,890	\$ 3,057,927
Investments	14,949,372	16,576,185
Restricted:		
Cash and cash equivalents	<u>2,115,794</u>	<u>1,975,299</u>
Total cash and investments	<u>\$ 17,880,056</u>	<u>\$ 21,609,411</u>

Cash and investments as of June 30, 2012 and June 30, 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 400	\$ 400
Demand deposits	1,306,036	719,509
Time deposits	2,160,000	2,570,000
Investments	<u>14,413,620</u>	<u>18,319,502</u>
Total cash and cash equivalents	<u>\$ 17,880,056</u>	<u>\$ 21,609,411</u>



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the District's Investment Policy:**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	5%
CD Placement Service	5 years	30%	None
Bankers Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1 year	None	None
Commercial Paper	270 days	25%	10%
Medium-term Notes	5 years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Bank/Term Deposits	5 years	None	None

\* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

N/A - Not Applicable

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements:**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored Agency Securities	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1 year	None	None
Medium-term Notes	3 years	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
California Local Agency Investment Fund (LAIIF)	N/A	None	None

N/A - Not Applicable

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2012 and 2011.

June 30, 2012

Investment Type	Remaining Maturity (in Years)				Fair Value Total
	Less Than 1 year	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Treasury Notes	\$ 707,050	\$ 258,370	\$ 529,005	\$ 1,031,153	\$ 2,525,578
U.S. Government Sponsored Agency Securities:					
Federal Home Loan Bank	1,264,681	514,929	809,416	-	2,589,026
Federal Home Loan Mortgage Corporation	2,280,578	518,065	265,413	971,428	4,035,484
Federal National Mortgage Association	511,755	1,039,177	105,265	1,722,957	3,379,154
Federal Farm Credit Bank		260,130	-	-	260,130
LAIIF	99,560	-	-	-	99,560
Held by Trustee:					
Money Market Mutual Funds	1,524,688	-	-	-	1,524,688
	<u>\$ 6,388,312</u>	<u>\$ 2,590,671</u>	<u>\$ 1,709,099</u>	<u>\$ 3,725,538</u>	<u>\$ 14,413,620</u>

June 30, 2011

Investment Type	Remaining Maturity (in Years)				Fair Value Total
	Less Than 1 year	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Treasury Notes	\$ 767,422	\$ 724,323	\$ 265,097	\$ 781,584	\$ 2,538,426
U.S. Government Sponsored Agency Securities:					
Federal Home Loan Bank	1,247,202	1,289,363	523,962	1,049,915	4,110,442
Federal Home Loan Mortgage Corporation	257,498	2,354,428	522,073	263,254	3,397,253
Federal National Mortgage Association	1,005,908	525,220	1,050,068	862,953	3,444,149
Federal Farm Credit Bank	253,880	-	262,035	-	515,915
LAIIF	2,788,519	-	-	-	2,788,519
Held by Trustee:					
Money Market Mutual Funds	1,524,798	-	-	-	1,524,798
	<u>\$ 7,845,227</u>	<u>\$ 4,893,334</u>	<u>\$ 2,623,235</u>	<u>\$ 2,957,706</u>	<u>\$ 18,319,502</u>

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the Districts investments as of June 30, 2012. U.S. treasury notes and bills are not required to be rated and, therefore, have been excluded from the tables below.

June 30, 2012

Investment	Minimum Legal Rating	Total as of June 30, 2012	AAA	AA+	Unrated
U.S. Government					
Sponsored Agency Securities:					
Federal Home Loan Bank	N/A	\$ 2,589,026	\$ -	\$ 2,589,026	\$ -
Federal Home Loan Mortgage Corporation	N/A	4,035,484	-	4,035,484	-
Federal National Mortgage Association	N/A	3,379,154	-	3,379,154	-
Federal Farm Credit Bank	N/A	260,130	-	260,130	-
LAIIF	N/A	99,560	-	-	99,560
Held by Trustee:					
Money Market Mutual Funds	AAA	1,524,688	1,524,688	-	-
		<u>\$ 11,888,042</u>	<u>\$ 1,524,688</u>	<u>\$ 10,263,794</u>	<u>\$ 99,560</u>

June 30, 2011

Investment	Minimum Legal Rating	Total as of June 30, 2011	AA+	Unrated
U.S. Government				
Sponsored Agency Securities:				
Federal Home Loan Bank	N/A	\$ 4,110,442	\$ 4,110,442	\$ -
Federal Home Loan Mortgage Corporation	N/A	3,397,253	3,397,253	-
Federal National Mortgage Association	N/A	3,444,149	3,444,149	-
Federal Farm Credit Bank	N/A	515,915	515,915	-
LAIIF	N/A	2,788,519	-	2,788,519
Held by Trustee:				
Money Market Mutual Funds	AA+	1,524,798	1,524,798	-
		<u>\$ 15,781,076</u>	<u>\$ 12,992,557</u>	<u>\$ 2,788,519</u>

See independent auditors' report.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASI AND INVESTMENTS (CONTINUED):

**Concentration of Credit Risk:**

Investments in any one issuer that represents 5% or more of total District's investments are as follows:

Issuer	Investment Type	2012	2011
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$2,589,026	\$4,110,442
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	\$4,035,484	\$3,397,253
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$3,379,154	\$3,444,149

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012 and 2011, the District had no uninsured and uncollateralized deposits.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following:

<u>Funding Source</u>	<u>Use</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Deposits from customers	Security deposits for payment of utility bills	\$ 159,409	\$ 153,939
Customer advances	Construction	431,697	296,562
Bond proceeds	Debt service	1,524,688	1,524,743
Bond proceeds	Construction of reclaimed water facilities	-	55
		<u>\$ 2,115,794</u>	<u>\$ 1,975,299</u>

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Retirements Transfers	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	1,491,025	-	1,496,025
Construction in progress	<u>2,704,517</u>	<u>1,815,860</u>	<u>(1,437,884)</u>	<u>3,082,493</u>
Total capital assets, not being depreciated	<u>2,970,857</u>	<u>3,306,885</u>	<u>(1,437,884)</u>	<u>4,839,858</u>
Capital assets, being depreciated:				
Intangible plant	810,935	66,549	-	877,484
Sources of supply plant	1,767,023	231,520	-	1,998,543
Pumping plant	10,037,819	-	-	10,037,819
Transmission and distribution plant	59,216,182	1,147,565	-	60,363,747
Telemetry equipment	1,332,302	-	-	1,332,302
General plant	550,403	-	-	550,403
Office building and equipment	4,231,305	94,356	(3,975)	4,321,686
Transportation equipment	651,690	-	(3,767)	647,923
Communication equipment	<u>133,902</u>	<u>-</u>	<u>-</u>	<u>133,902</u>
Total capital assets, being depreciated	78,731,561	1,539,990	(7,742)	80,263,809
Less accumulated depreciation	<u>(19,815,323)</u>	<u>(2,120,426)</u>	<u>-</u>	<u>(21,935,749)</u>
Total capital assets, being depreciated, net	<u>58,916,238</u>	<u>(580,436)</u>	<u>(7,742)</u>	<u>58,328,060</u>
Total capital assets, net	<u>\$ 61,887,095</u>	<u>\$ 2,726,449</u>	<u>\$ (1,445,626)</u>	<u>\$ 63,167,918</u>

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS (CONTINUED):

Changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Retirements Transfers	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	-	5,000	-	5,000
Construction in progress, as restated	8,946,978	1,723,873	(7,966,334)	2,704,517
Total capital assets, not being depreciated	9,208,318	1,728,873	(7,966,334)	2,970,857
Capital assets, being depreciated:				
Intangible plant	125,106	685,829	-	810,935
Sources of supply plant	1,767,023	-	-	1,767,023
Pumping plant	9,929,673	108,146	-	10,037,819
Transmission and distribution plant	51,930,126	7,286,056	-	59,216,182
Telemetry equipment	1,332,302	-	-	1,332,302
General plant	550,403	-	-	550,403
Office building and equipment	4,225,972	5,333	-	4,231,305
Transportation equipment	651,690	-	-	651,690
Communication equipment	133,902	-	-	133,902
Total capital assets, being depreciated	70,646,197	8,085,364	-	78,731,561
Less accumulated depreciation	(17,959,762)	(1,855,561)	-	(19,815,323)
Total capital assets, being depreciated, net	52,686,435	6,229,803	-	58,916,238
Total capital assets, net	\$ 61,894,753	\$ 7,958,676	\$(7,966,334)	\$ 61,887,095

See independent auditors' report.

ROWLAND WATER DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (CONTINUED)

June 30, 2012 and 2011

5. CERTIFICATES OF PARTICIPATION:

On December 23, 2008, the District issued \$20,545,000 of Certificates of Participation. The proceeds are being used to finance the acquisition and construction of certain recycled water improvements.

The Certificates were issued at a discount of \$188,627, which is being amortized and recognized as interest expense over the life of the debt on a straight-line basis. This issuance is comprised of \$6,815,000 serial certificates maturing annually on December 1 from 2009 to 2025 and three term certificates (totaling \$13,730,000) maturing on December 1, 2029, 2035 and 2039 that are payable in annual sinking fund installments commencing December 1, 2026. Interest on the certificates is payable semi-annually on December 1 and June 1 at rates ranging from 4.00% to 5.75% for the serial certificates and 6.00% to 6.50% for the term certificates.

The following is a summary of the changes in Certificates of Participation for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Due Within One Year
Certificates of Participation (COP):					
2008 COP	\$ 20,005,000	\$ -	\$ (285,000)	\$ 19,720,000	\$ 300,000
Less:					
Unamortized discount	(173,502)	-	6,085	(167,417)	-
<b>TOTAL</b>	<b>\$ 19,831,498</b>	<b>\$ -</b>	<b>\$ (278,915)</b>	<b>\$ 19,552,583</b>	<b>\$ 300,000</b>

Maturities of the 2008 Certificates of Participation and interest payments subsequent to June 30, 2012 as follows:

Year Ending	Principal	Interest	Total
2013	\$ 300,000	\$ 1,179,850	\$ 1,479,850
2014	315,000	1,165,975	1,480,975
2015	330,000	1,149,850	1,479,850
2016	345,000	1,132,975	1,477,975
2017	365,000	1,114,313	1,479,313
2018 - 2022	2,140,000	5,257,313	7,397,313
2023 - 2027	2,825,000	4,567,869	7,392,869
2028 - 2032	3,805,000	3,587,825	7,392,825
2033 - 2037	5,250,000	2,147,675	7,397,675
2038 - 2040	4,045,000	389,844	4,434,844
<b>Total</b>	<b>\$ 19,720,000</b>	<b>\$ 21,693,489</b>	<b>\$ 41,413,489</b>

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

6. COMPENSATED ABSENCES:

In accordance with the District's policy, employees may accrue up to 240 hours of vacation. For the years ended June 30, 2012 and 2011, the total accrued vacation liability for all employees totaled \$142,445 and \$143,328, respectively.

Also, in accordance with the District's policy, employees may accrue up to 352 hours of sick leave. Upon attaining 352 hours, the employee may exercise a one-time option to exchange sick leave hours for cash or vacation time. Upon separation, retirement or death, an employee shall receive as additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours, or 176 hours. The District has modified the Employment Agreement in regards to the General Manager's sick leave benefits. The Manager shall receive the same sick leave benefits, upon the same terms and conditions, as provided to all other District employees, except that upon retirement or other termination of the Manager's employment. The Manager is entitled to receive 100% of accrued sick leave up to 1,000 hours in the event of separation from employment. For the years ended June 30, 2012 and 2011, the total accrued sick leave liability for all employees totaled \$178,906 and \$194,530, respectively.

7. DEFERRED COMPENSATION PLAN:

The District has adopted a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The funds are not available to employees until termination, retirement, death or an unforeseeable emergency. Employees may contribute to the Plan up to 25% of their annual compensation, not to exceed limits established in the Internal Revenue Code. The District does not make any contributions to this Plan. Deferred compensation plan assets are not included in the financial statements as the plan assets are held in trust to protect them from general creditors of the District.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

8. EMPLOYEE RETIREMENT PLAN:

a. Plan Description:

Rowland Water District contributes to the Miscellaneous 2.5% at 55 Risk Pool of the California Employees Retirement System (CalPERS), a cost sharing, multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. As of July 1, 2005, the District was mandated by the State to participate in the risk pool. The risk pool combines the assets and liabilities across employers of the same risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The June 30, 2003 valuations were the first pooled valuations. Benefit provisions and all other requirements are established by State statute and District resolutions. Copies of CalPERS' annual financial report may be obtained from their Executive Office located at, 400 P Street, Sacramento, CA 95814.

b. Funding Policy:

The District contributes all amounts necessary to fund benefits for its employees. The contribution includes an employee portion of 8% of current covered payroll. The District has elected to contribute the employee portion. The District is also required to contribute any actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2012 was \_\_\_\_\_%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The District's contributions to CalPERS for the years ended June 30, 2012, 2011 and 2010, which were all prepaid by the District at the beginning of the year, were \$334,641, \$230,905, and \$203,221, respectively. These contributions were equal to the required contributions for each year.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

The District has a single-employer other post-employment benefit plan that provides medical, dental and vision coverage to 26 active employees and 11 retired employees through the ACWA health program. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under PERS on or after age 50 with at least 5 years of service. The District provides 100% of the cost of coverage for the retiree and any covered spouse.

Employees hired on or after July 1, 2009 are eligible for a District contribution if retiring from the District and under PERS on or after age 55 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only.

A stand-alone financial report is not issued for this plan and it is not included in the report of PERS or another entity.

b. Funding Policy:

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis. For the years ended June 30, 2012 and 2011, the District paid \$117,642 and \$118,188, respectively, in health care costs for its retirees and their covered dependents. In addition, on April 11, 2011, the District made a \$400,000 contribution to a trust account established to fund the District's net OPEB obligation.

c. Annual OPEB Cost and Net OPEB Obligation:

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45 applied prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

c. Annual OPEB Cost and Net OPEB Obligation (Continued):

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 420,952	\$ 407,701
Interest on net OPEB obligation	25,230	30,613
Adjustment to annual required contribution	<u>(22,890)</u>	<u>(27,773)</u>
Annual OPEB cost (expense)	423,292	410,541
Actual contributions made	<u>(117,642)</u>	<u>(518,188)</u>
Increase (decrease) in net OPEB obligation	305,650	(107,647)
Net OPEB Obligation - beginning of year	<u>504,605</u>	<u>612,252</u>
Net OPEB Obligation - end of year	<u>\$ 810,255</u>	<u>\$ 504,605</u>

d. Three-Year Trend Information:

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011 and 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 396,376	27.58%	\$ 612,252
6/30/11	410,541	126.22%	504,605
6/30/12	423,292	27.79%	810,255

e. Funded Status and Funding Progress:

As of July 1, 2009 the plan was zero percent funded. The actuarial accrued liability for benefits was \$4,645,724, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,645,724. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$1,964,000 and the ratio of the UAAL to the covered payroll was 236.54%.

See independent auditors' report.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

e. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

f. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The entry age normal cost method was used for the actuarial valuation as of July 1, 2009. Significant assumptions included a discount rate of 5% per annum, projected salary increases of 3.25% per annum and medical trend rates that start at 9.0% for HMO and 9.5% for PPO coverage in the initial year and are decreased 0.5% per year to an ultimate rate of 5.0%. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period at July 1, 2009 is 29 years.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

10. JOINT VENTURES:

**Puente Basin Water Agency:**

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the government code of the State of California. The Agency was organized for the purpose of protection and utilization of the local, imported and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member appointed Board of Commissioners. Each District appoints two members to this Board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The District's equity in the Agency, as stated in the Agreement, is not reflected in the accompanying financial statements since the amounts are immaterial to the District's financial position.

**Pomona-Walnut-Rowland Joint Water Line Commission:**

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (the Commission). The Commission was formed, under the Joint Powers Agreement (the JPA) of 1956, between the City of Pomona, the Walnut Valley Water District and the Rowland Water District. The JPA's purpose is to acquire, construct, maintain, repair, manage and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency.

Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission which is allocated based on each agency's capacity rights in the pipeline. In addition, a capital surcharge is assessed for the future replacement of the pipeline. For the years ended June 30, 2012 and 2011, the District remitted assessments of \$44,106 each year, for their 20.0% capacity rights and their share of future replacement costs. Also, the District purchased water totaling \$5,303,632 and \$5,583,483 from the Commission during the years end June 30, 2012 and 2011, respectively.

See independent auditors' report.



ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

10. JOINT VENTURES (CONTINUED):

Upon dissolution of the Commission, the net assets will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior twelve month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The District's equity in the Commission, as stated in the JPA, is not reflected in the accompanying financial statement since the amounts are immaterial to the District's financial position.

11. RISK MANAGEMENT:

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2012, the District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$50,000 per occurrence and has purchased excess insurance coverage up to \$100,000,000 (total insurable value of \$\_\_\_\_\_). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$1,000 deductible for mobile equipment and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000. This program does not have a deductible.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

11. RISK MANAGEMENT (CONTINUED):

Fidelity Bond - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - Insured up to the statutory limit; the Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit. Employer's liability is insured up to the statutory limit. The Insurance Authority has pooled self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

12. UNRESTRICTED NET ASSETS:

The District has adopted a policy to designate reserves of unrestricted net assets. Total reserves were designated as follows as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Designated reserves for:		
Operations	\$ 2,902,500	\$ 2,902,500
Rate stabilization	1,533,565	2,647,872
Capital funding including expansion of facilities and future repairs and maintenance	<u>11,517,486</u>	<u>14,117,534</u>
Total Designated Reserves	15,953,551	19,667,906
Undesignated net assets	<u>1,027,269</u>	<u>86,076</u>
Total Unrestricted Net Assets	<u>\$ 16,980,820</u>	<u>\$ 19,753,982</u>

See independent auditors' report.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

13. COMMITMENTS AND CONTINGENCIES:

The District has entered into a water production and delivery agreement with another party to receive groundwater produced on behalf of the District. Under the terms of the agreement, the District is required to contribute \$2,000,000 to the other party for necessary expansion, rehabilitation and improvements of their facilities as a result of this agreement. The District made one payment in the amount of \$660,000 in fiscal year 2011-2012. The remaining \$1,340,000 is due upon meeting certain conditions set forth in the agreement.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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ROWLAND WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the years ended June 30, 2012 and 2011

OTHER POST-EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS

Retiree Health Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Estimated Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
07/01/09	\$ 4,645,724	\$ -	\$ 4,645,724	0.00%	\$ 1,964,000	236.54%

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See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

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ROWLAND WATER DISTRICT

SCHEDULES OF OTHER OPERATING EXPENSES

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Engineering	\$ 36,243	\$ 5,198
Maintenance and operations	18,669	40,141
Small tools and supplies	23,845	21,024
Water tests	25,761	29,540
Certification, fees and permits	113,023	47,046
Water supply planning and development	237,824	267,490
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b><u>\$ 455,365</u></b>	<b><u>\$ 410,439</u></b>

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ROWLAND WATER DISTRICT

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended June 30, 2012 and 2011

	2012	2011
Salaries and wages	\$ 914,609	\$ 882,417
Payroll taxes	156,215	151,317
Insurance	707,107	587,848
Automobile expenses	90,120	71,634
Service charges	57,777	56,309
Office supplies and expenses	151,817	89,564
Utilities	61,199	54,657
Professional services	351,719	331,881
Membership fees and dues	40,180	38,599
Conferences and travel	40,841	58,930
Directors' fees and expenses	30,492	21,742
Public relations	128,054	52,325
Repairs and maintenance	6,667	6,361
Pension plan contributions	492,030	382,289
Other post employment benefits	423,292	410,541
Seminars and training	57,786	58,721
Conservation rebate program expenses	5,602	9,071
Taxes, permits and fees	6,728	6,261
Miscellaneous	41,946	37,138
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b><u>\$ 3,764,181</u></b>	<b><u>\$ 3,307,605</u></b>

See independent auditors' report.

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**ROWLAND WATER DISTRICT**  
**STATEMENT OF OPERATIONS**



*Three Months Ended September 30, 2012*

	BUDGET FYE 6/30/2013	% OF BUDGET	AMOUNT	CY ACTUAL	PY ACTUAL	% OF SALES	VARIANCE FAVORABLE (UNFAVORABLE)	% OF BUDGET
WATER REVENUE	12,250,000	25%	3,062,500	3,906,423	3,827,101	75.79%	845,923	27.62%
WATER METER CHARGES	4,500,000	25%	1,125,000	1,246,243	1,204,967	24.21%	123,243	10.95%
	16,750,000		4,187,500	5,156,666	5,032,068	100.00%	969,166	23.14%
COST OF SALES:								
WATER PURCHASED	9,300,000	25%	2,325,000	2,396,529	2,628,923	56.17%	(571,529)	-24.50%
FIXED CHARGES	260,000	25%	65,000	92,977	38,831	1.80%	(27,977)	-43.04%
PUMPING POWER	270,000	25%	67,500	88,420	85,797	1.71%	(20,920)	-30.99%
TOTAL COST OF SALES	9,830,000		2,457,500	3,077,926	2,753,551	59.69%	(620,426)	-25.25%
GROSS PROFIT	6,920,000		1,730,000	2,078,740	2,278,517	40.31%	348,740	20.16%
GROSS PROFIT %	41%		41%	40%	45%			
OTHER INCOME	700,000	25%	175,000	126,967	127,970	5.67%	78,167	17.23%
TOTAL OPERATING REVENUE	7,620,000		1,905,000	2,205,727	2,406,487	42.77%	426,907	22.41%
OPERATING EXPENSES								
SALARIES AND WAGES	2,360,000	25%	594,011	534,011	534,515	10.36%	55,989	9.49%
EMPLOYEE & RETIREE BENEFITS	1,387,000	25%	346,750	527,910	571,008	10.24%	(181,160)	-52.25%
DEBT SERVICE INTEREST EXPENSE	1,500,000	25%	375,000	-	-	0.00%	375,000	100.00%
ENGINEERING	10,000	25%	2,500	22,015	1,080	0.43%	(19,515)	-780.60%
OFFICE EXPENSES	140,000	25%	35,000	47,501	32,255	0.92%	(12,501)	-35.72%
MAINTENANCE OF WATER SYSTEM	350,000	25%	87,500	94,006	97,638	1.24%	23,494	26.85%
MAINTENANCE AND OPERATION	30,000	25%	7,500	3,774	3,120	0.07%	3,726	48.69%
EQUIPMENT EXPENSES	15,000	25%	3,750	1,287	333	0.02%	2,453	65.89%
PROFESSIONAL SERVICES	110,000	25%	27,500	30,901	32,008	0.60%	(3,401)	-12.37%
SERVICE CONTRACTS	275,000	25%	68,750	70,720	54,800	1.37%	(1,970)	-2.57%
GENERAL LIABILITY INSURANCE	110,000	25%	27,500	68,777	60,706	1.33%	(41,277)	-150.10%
TOOLS AND SUPPLIES	25,000	25%	6,250	4,469	4,975	0.09%	1,782	28.51%
VEHICLE EXPENSES	90,000	25%	20,000	17,975	22,057	0.35%	2,025	10.13%
UTILITY SERVICES	65,000	25%	16,250	24,500	18,313	0.48%	(8,250)	-50.77%
DIRECTORS' COMPENSATION & BENEFITS	100,000	25%	25,000	23,020	21,885	0.45%	1,980	7.92%
MEMBERSHIP DUES	45,000	25%	11,250	3,021	3,773	0.06%	8,229	73.15%
WATER TESTS	30,000	25%	7,500	6,724	5,394	0.13%	776	10.35%
COMPLIANCE	70,000	25%	17,500	22,748	16,341	0.44%	(5,248)	-29.99%
OPERATING ASSESSMENTS	60,000	25%	15,000	10,296	11,105	0.20%	4,704	31.36%
WATER CONSERVATION	10,000	25%	2,500	-	-	0.00%	2,500	100.00%
CONFERENCES	60,000	25%	15,000	18,005	8,031	0.35%	(3,005)	-20.03%
SEMINARS & TRAINING	60,000	25%	15,000	7,656	11,211	0.15%	7,344	46.96%
BANK & INVESTMENT MGMT. FEES	80,000	25%	20,000	12,211	8,972	0.24%	7,789	38.95%
PUBLIC RELATIONS	120,000	25%	30,000	48,107	14,167	0.98%	(18,107)	-60.36%
MISCELLANEOUS EXPENSES	45,000	25%	11,250	5,166	11,270	0.10%	6,084	54.08%
TOTAL OPERATING EXPENSES	7,137,000		1,784,250	1,574,799	1,544,745	30.54%	209,451	11.74%
NET OPERATING INCOME	483,000	25%	120,750	630,928	861,742	12.24%	510,178	422.51%
INTEREST INCOME	350,000	25%	87,500	57,485	125,822	1.11%	(30,015)	-34.30%
NET INCOME	\$ 833,000		\$ 208,250	\$ 688,413	\$ 987,564	13.35%	\$ 490,163	230.57%

**SUPPLEMENTAL OTHER INCOME - 9/30/12**

	BUDGET FYE 6/30/2013	% OF BUDGET	AMOUNT	CY ACTUAL	PY ACTUAL	% OF SALES	VARIANCE FAVORABLE (UNFAVORABLE)	% OF BUDGET
CUSTOMER PENALTIES	190,000	25%	47,500	50,508	48,540	0.54%	3,008	6.33%
CONNECTION FEES	40,000	25%	10,000	10,275	10,215	0.11%	.275	2.75%
RECONNECTION FEES	20,000	25%	5,000	6,555	6,025	0.07%	1,595	31.90%
PROPERTY TAXES	250,000	25%	62,500	30,227	9,094	0.33%	(32,273)	-51.64%
ACREAGE SUPPLY CHARGE	10,000	25%	2,500	-	*	0.00%	(2,500)	-100.00%
CONTRACT INCOME	125,000	25%	31,250	24,685	41,638	0.27%	(6,565)	-21.01%
FLOW TESTS	5,000	25%	1,250	1,330	1,540	0.01%	80	6.40%
MISCELLANEOUS INCOME	60,000	25%	15,000	3,367	10,918	0.04%	(11,633)	-77.55%
<b>TOTAL OTHER INCOME</b>	<b>700,000</b>	<b>25%</b>	<b>175,000</b>	<b>126,987</b>	<b>127,970</b>	<b>1.37%</b>	<b>78,167</b>	<b>17.23%</b>

**SUPPLEMENTAL EXPENSES - 9/30/12**

	CY	PY
	Actual	Actual
<b><u>SALARIES &amp; WAGES</u></b>		
ADMINISTRATIVE	212,450.00	219,133.00
CUSTOMER ACCOUNTS	29,800.00	30,503.00
MAINS AND SERVICES	151,891.00	145,834.00
WATER TREATMENT	139,870.00	139,045.00
<b>TOTAL SALARIES &amp; WAGES</b>	<b><u>534,011.00</u></b>	<b><u>534,515.00</u></b>
<b><u>EMPLOYEE BENEFITS</u></b>		
DENTAL INSURANCE	6,086.00	9,273.00
EMPLOYEE ASSISTANCE PROGRAM	170.00	266.00
HEALTH INSURANCE	70,603.00	116,066.00
LIFE INSURANCE PLAN	502.00	674.00
DISABILITY INSURANCE	2,660.00	2,203.00
PAYROLL TAXES	28,427.00	28,404.00
PENSION CONTRIBUTIONS	385,118.00	373,454.00
RETIRES HEALTH INSURANCE	18,366.00	25,284.00
UNEMPLOYMENT INSURANCE	464.00	357.00
VISION INSURANCE PLAN	1,284.00	1,993.00
WORKER'S COMPENSATION INSURANCE	14,230.00	13,034.00
<b>TOTAL EMPLOYEE BENEFITS</b>	<b><u>527,910.00</u></b>	<b><u>571,008.00</u></b>
<b><u>OFFICE EXPENSES</u></b>		
INFO TECH. SUPPORT SERVICES	34,103.00	24,015.00
POSTAGE, PRINTING & STATIONARY	9,750.00	3,951.00
SHORTLIFE SUPPLIES	3,648.00	4,289.00
<b>TOTAL OFFICE EXPENSES</b>	<b><u>47,501.00</u></b>	<b><u>32,255.00</u></b>
<b><u>PROFESSIONAL SERVICES</u></b>		
AUDITING	12,000.00	13,000.00
LEGAL	18,091.00	19,008.00
<b>TOTAL PROFESSIONAL EXPENSES</b>	<b><u>30,091.00</u></b>	<b><u>32,008.00</u></b>
<b><u>MAINTENANCE OF WATER SYSTEM</u></b>		
HYDRANTS	-	909.00
MAINS	7,200.00	7,504.00
METERS	2,466.00	11,231.00
PUMPS	8,694.00	14,277.00
RECYCLED WATER	-	7,317.00
RESERVOIRS	3,230.00	14,498.00
SERVICES	23,710.00	14,840.00
TELEMETRY	2,760.00	9,824.00
VALVES	14,895.00	4,889.00
RECYCLED WATER - COI	1,051.00	12,347.00
<b>TOTAL MAINTENANCE OF WATER SYSTEM</b>	<b><u>64,006.00</u></b>	<b><u>97,636.00</u></b>

**CAPITAL / CIP / WATER IN STORAGE EXPENDITURES - 9/30/12**

	CY Actual	PY Actual
OFFICE FURNITURE AND EQUIPMENT	-	8,650.00
OFFICE BUILDING	-	10,551.00
PUMPING PLANT	-	4,527.00
RESERVOIRS	106,575.00	-
SERVICES	5,153.00	-
TRANSMISSION / MAINS	-	-
TRANSPORTATION EQUIPMENT	-	1,387.00
<b>TOTAL CAPITAL EXPENDITURES (NON CONSTRUCTION)</b>	<u>111,728.00</u>	<u>25,115.00</u>
<b>TOTAL CONSTRUCTION IN PROGRESS (CIP) EXPENDITURES</b>	<u>397,487.00</u>	<u>373,495.00</u>
<b>TOTAL CAPITAL / CIP EXPENDITURES</b>	<u><u>509,215.00</u></u>	<u><u>398,610.00</u></u>
<b>TOTAL WATER IN STORAGE EXPENDITURES</b>	<u>-</u>	<u>-</u>



**2.4**

*ROWLAND WATER DISTRICT*

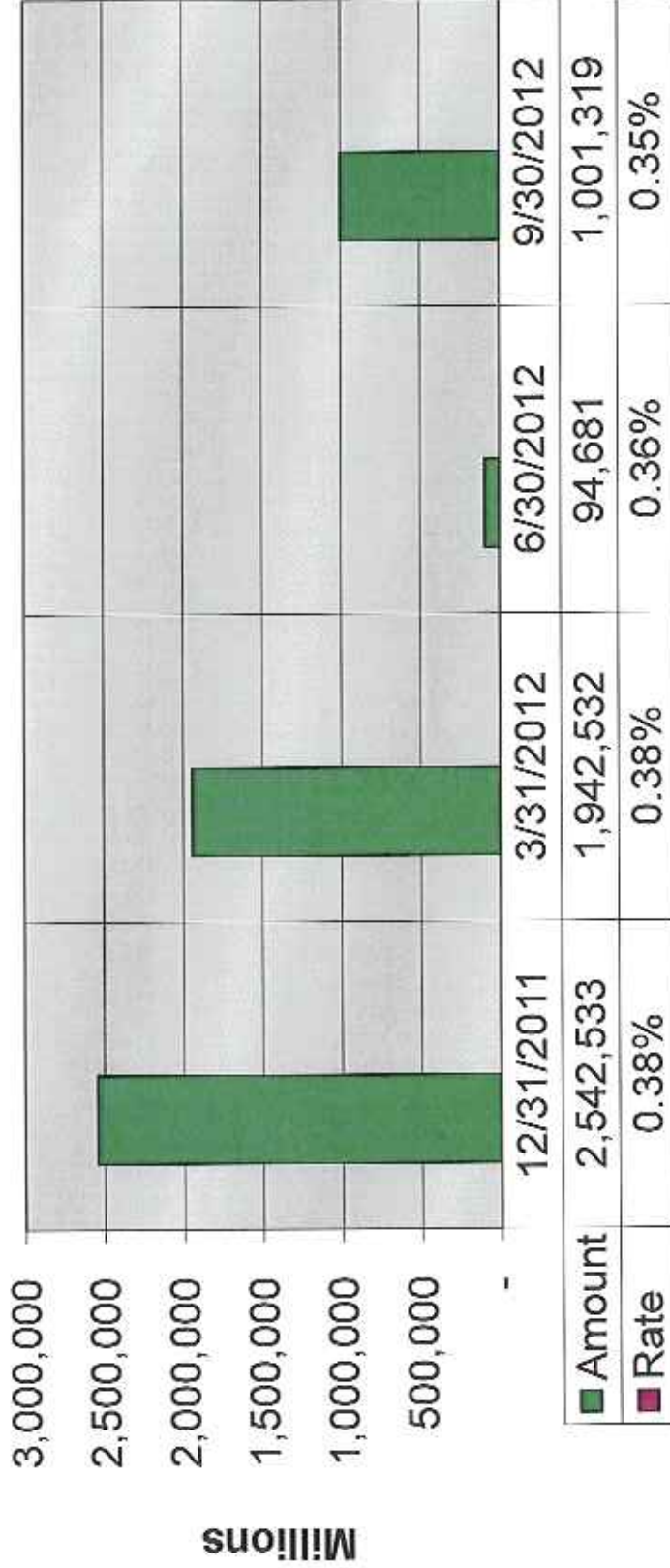
***QUARTERLY INVESTMENT REVIEW***



*September 30, 2012*

	Amount	Rate
12/31/2011	2,542,533	0.38%
3/31/2012	1,942,532	0.38%
6/30/2012	94,681	0.36%
9/30/2012	1,001,319	0.35%

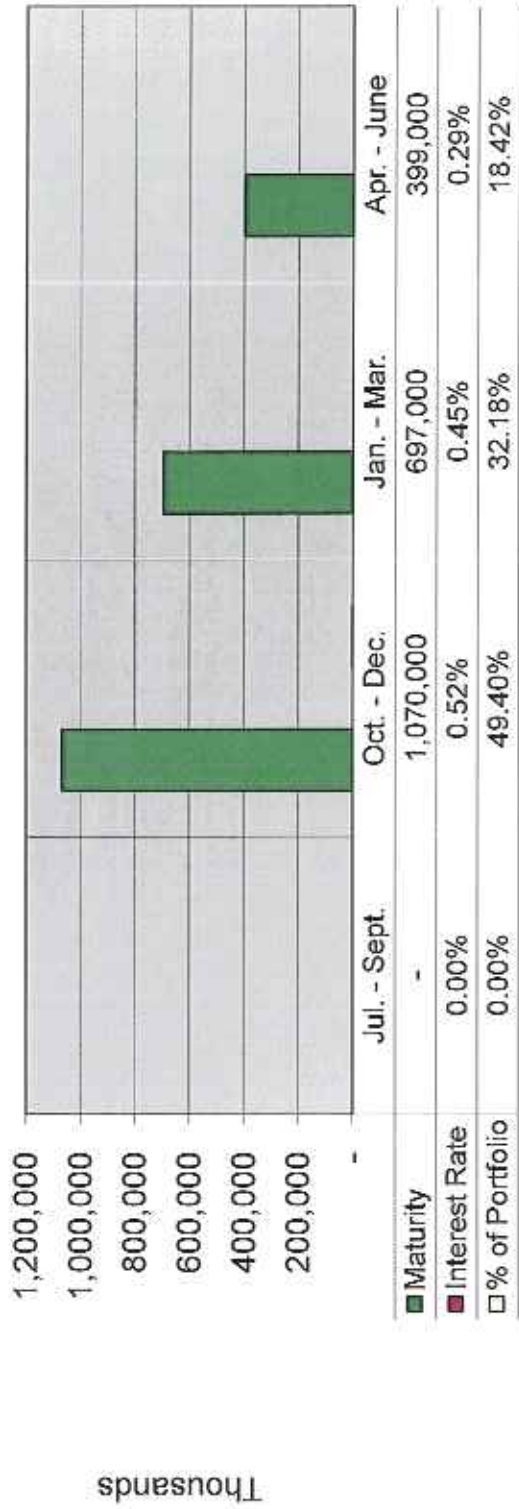
## LAIF Quarterly Balances



	Jul. - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - June
Maturity	-	1,070,000	697,000	399,000
Interest Rate	0.00%	0.52%	0.45%	0.29%
% of Portfolio	0.00%	49.40%	32.18%	18.42%

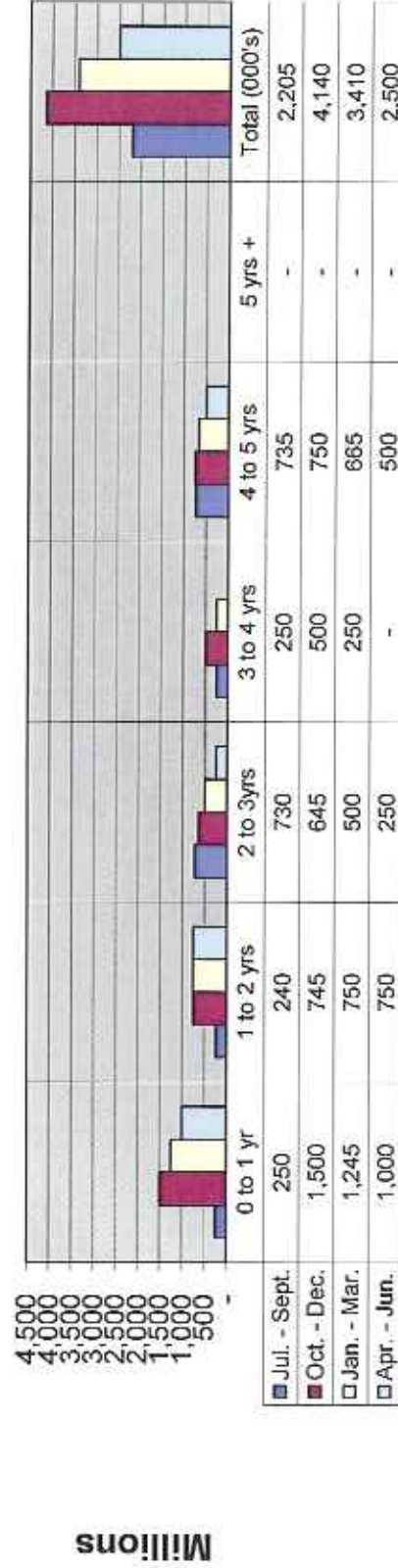
Total CD Placement Portfolio 2,166,000

### CD Placement Maturity Schedule



	Jul. - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Interest Rate	% of Portfolio
0 to 1 yr	250	1,500	1,245	1,000	3.10%	32.60%
1 to 2 yrs	240	745	750	750	2.53%	20.28%
2 to 3yrs	730	645	500	250	2.27%	17.34%
3 to 4 yrs	250	500	250	-	1.71%	8.16%
4 to 5 yrs	735	750	665	500	1.06%	21.62%
5 yrs +	-	-	-	-		
Total (000's)	2,205	4,140	3,410	2,500	2.13%	100.00%
Total Bond Portfolio	12,255,000	Cash Account	213,628	Total		12,468,628

### Bond Maturity Chart



### Maturity



2.5

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Pomona-Walnut-Rowland  
Joint Water Line Commission  
Walnut, California

We have audited the accompanying financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pomona-Walnut-Rowland Joint Water Line Commission as of June 30, 2012 and 2011, and the respective changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Commission. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements of the Commission or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*White Nelson Dick Evans LLP*

Irvine, California  
October 12, 2012



To the Board of Commissioners  
Pomona-Walnut-Rowland  
Joint Water Line Commission  
Walnut, California

We have audited the financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 27, 2012. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was depreciation expense derived from the estimated useful lives for capital assets which are based on industry standards. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 12, 2012.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statement or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Pomona-Walnut-Rowland Joint Water Line Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Dick Evans LLP*

Irvine, California  
October 12, 2012



**POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**JUNE 30, 2012 AND 2011**

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

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POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

This section of the Commission's annual financial report presents our analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The Commission's net assets increased by \$43,758 or 1.95 percent.
- During the year, the Commission's total operating revenues increased to \$17,592,808 or 0.56 percent over the prior year amount, and operating expenses increased to \$17,595,604 or 0.50 percent over the prior year amount.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: Management's Discussion and Analysis, the financial statements and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Commission report information about the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets includes all of the Commission's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine the Commission's credit worthiness and whether the Commission has successfully recovered all of its costs through its water rates and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Commission's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**FINANCIAL ANALYSIS OF THE COMMISSION**

One of the most important questions asked about the Commission's finances is "Is the Commission as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets, and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Commission's activities in a way that will help answer this question. These two statements report the net assets of the Commission and changes in them. You can think of the Commission's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

**NET ASSETS**

To begin our analysis, a summary of the Commission's Statement of Net Assets is presented in Table 1.

**TABLE 1**  
**Condensed Statements of Net Assets**

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Total % Change
Assets:				
Current and other assets	\$ 4,610,966	\$ 3,964,929	\$ 646,037	16.29 %
Capital assets	<u>1,329,842</u>	<u>1,343,989</u>	<u>(14,147)</u>	(1.05)
Total Assets	<u>5,940,808</u>	<u>5,308,918</u>	<u>631,890</u>	11.90
Current liabilities	<u>3,651,980</u>	<u>3,063,848</u>	<u>588,132</u>	19.20
Net Assets:				
Invested in capital assets	1,329,842	1,343,989	(14,147)	(1.05)
Restricted	413,136	369,813	43,323	11.71
Unrestricted	<u>545,850</u>	<u>531,268</u>	<u>14,582</u>	2.74
Total Net Assets	<u>\$ 2,288,828</u>	<u>\$ 2,245,070</u>	<u>\$ 43,758</u>	1.95 %

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**NET ASSETS (CONTINUED)**

As you can see from Table 1, net assets increased by \$43,758 from fiscal year 2011 to 2012.

A further review of Net Assets on Table 1 shows that Restricted Net Assets (those established by Commission policy, enabling legislation, or other legal requirements), increased to \$413,136 in fiscal year 2012 due to the assessment of the Depreciation and Replacement Reserve capital surcharge. This additional \$43,323 was added to the \$369,813 collected in previous years.

**TABLE 2**  
**Condensed Statements of Revenues,**  
**Expenses and Changes in Net Assets**

	Fiscal Year 2012	Fiscal Year 2011	Dollar Change	Total % Change
<b>OPERATING REVENUES:</b>				
Water sales to member Agencies	\$ 17,499,140	\$ 17,400,727	\$ 98,413	0.57 %
Member agency assessments	93,668	93,661	7	0.01
<b>TOTAL OPERATING REVENUES</b>	<b>17,592,808</b>	<b>17,494,388</b>	<b>98,420</b>	<b>0.56</b>
<b>OPERATING EXPENSES:</b>				
Water operations	17,506,968	17,416,684	90,284	0.52
Depreciation	14,147	14,147	-	-
General and administration	74,489	77,095	(2,606)	(3.38)
<b>TOTAL OPERATING EXPENSES</b>	<b>17,595,604</b>	<b>17,507,926</b>	<b>87,678</b>	<b>0.50</b>
<b>OPERATING LOSS</b>	<b>(2,796)</b>	<b>(13,538)</b>	<b>10,742</b>	<b>79.35</b>
<b>NONOPERATING REVENUES</b>	<b>3,231</b>	<b>3,978</b>	<b>(747)</b>	<b>(18.78)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>435</b>	<b>(9,560)</b>	<b>9,995</b>	<b>104.55</b>
<b>CAPITAL CONTRIBUTIONS - SURCHARGES</b>	<b>43,323</b>	<b>43,323</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>43,758</b>	<b>33,763</b>	<b>9,995</b>	<b>29.60</b>
<b>NET ASSETS AT:</b>				
<b>BEGINNING OF YEAR</b>	<b>2,245,070</b>	<b>2,211,307</b>	<b>33,763</b>	<b>1.53</b>
<b>END OF YEAR</b>	<b>\$ 2,288,828</b>	<b>\$ 2,245,070</b>	<b>\$ 43,758</b>	<b>1.95 %</b>

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**NET ASSETS (CONTINUED)**

While the Statements of Net Assets show the change in financial position, the Statements of Revenues, Expenses and Changes in Net Assets provide answers as to the nature and source of these changes. As you can see in Table 2, Operating Revenues increased by \$98,420, Nonoperating Revenues decreased by \$747 and Total Revenues increased by \$97,673.

A closer examination of the source of changes in net assets reveals the Commission had an increase in net assets of \$43,758 in fiscal year 2012 as opposed to a \$33,763 increase in 2011. This represents a dollar change of \$9,995 or a 29.60 percent increase. The reason for the variance from 2011 to 2012 was due to decreases in actual maintenance and insurance costs that were anticipated when making member agency assessments for the year. The decrease in nonoperating revenue of \$747 is due to a reduction in interest income. The Commission reserves are held in the Local Agency Investment Fund (LAIF) which ended in fiscal year June 30, 2012 with a yield of 0.36% as compared to 0.45% in fiscal year June 2011.

**TABLE 3  
Budget vs. Actual**

	Fiscal Year 2012 Budget	Fiscal Year 2012 Actual	Dollar Change	Total % Change
Revenues:				
Operating	\$ 20,195,866	\$ 17,592,808	\$ (2,603,058)	(12.89) %
Nonoperating	7,500	3,231	(4,269)	(56.92)
Capital contributions	43,323	43,323	-	-
Total Revenues	<u>20,246,689</u>	<u>17,639,362</u>	<u>(2,607,327)</u>	(12.88)
Expenses:				
Water operations	20,115,952	17,506,968	2,608,984	12.97
Depreciation	-	14,147	(14,147)	-
General and administration	79,514	74,489	5,025	6.32
Total Expenses	<u>20,195,466</u>	<u>17,595,604</u>	<u>2,599,862</u>	12.87
Change in Net Assets	<u>\$ 51,223</u>	<u>\$ 43,758</u>	<u>\$ (7,465)</u>	(14.57) %

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**NET ASSETS (CONTINUED)**

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is done by estimating how many acre feet of water will be purchased from both the Metropolitan Water District and the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by either agency in the efforts to promote water conservation. In fiscal year 2011-2012, the Commission estimated 25,355 acre-feet of Tier I water at an average rate of \$774 per acre foot. The Commission did not estimate any Tier II purchases in fiscal year 2012. The Commission purchased 22,090 acre-feet in 2012.

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**CAPITAL ASSETS**

The Commission's investment in capital assets, net of accumulated depreciation totaled \$1,329,842 as of June 30, 2012. This investment in capital assets includes pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads. There were no additions or deletions to capital assets during the year.

**TABLE 4**  
**Summary of Changes in Capital Assets**  
**For the Year Ended June 30, 2012**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	-	-	29,050
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
Total capital assets, being depreciated	<u>2,153,375</u>	<u>-</u>	<u>-</u>	<u>2,153,375</u>
Less accumulated depreciation:				
Pipelines and improvements	(746,844)	(13,579)	-	(760,423)
Service connections	(31,291)	(568)	-	(31,859)
Telemetry system	(29,050)	-	-	(29,050)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
Total accumulated depreciation	<u>(809,386)</u>	<u>(14,147)</u>	<u>-</u>	<u>(823,533)</u>
 Total capital assets, net	 <u>\$ 1,343,989</u>	 <u>\$ (14,147)</u>	 <u>\$ -</u>	 <u>\$ 1,329,842</u>

Additional information on the Commission's capital assets can be found in Notes 1h and 4 of the notes to financial statements.

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Commission's board of directors and administrative officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs. In 2013, the Commission factored in actual costs when looking at administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line. As in previous years, the last factor is the funding of depreciation and replacement of the water line. An amount equal to \$43,323 of the \$46,523 change in ending net assets, shown in Table 5 below, is projected to be transferred to reserves for depreciation and replacement.

**TABLE 5**  
**Fiscal Year 2012 Actual vs. Fiscal Year 2013 Budget**

	Fiscal Year 2012 <u>Actual</u>	Fiscal Year 2013 <u>Budget</u>	Dollar <u>Change</u>	Total % <u>Change</u>
Revenues:				
Operating	\$ 17,592,808	\$ 19,800,879	\$ 2,208,071	12.55 %
Nonoperating	3,231	3,200	(31)	(0.96)
Capital contributions	<u>43,323</u>	<u>43,323</u>	-	-
Total Revenues	17,639,362	19,847,402	2,208,040	12.52
Expenses	<u>17,595,604</u>	<u>19,800,879</u>	<u>(2,205,275)</u>	(12.53)
Change In Net Assets	43,758	46,523	2,765	6.32
Beginning net assets	<u>2,245,070</u>	<u>2,288,828</u>	<u>43,758</u>	1.95
Ending net assets	<u>\$ 2,288,828</u>	<u>\$ 2,335,351</u>	<u>\$ 46,523</u>	2.03 %

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2012

**CONTACTING THE COMMISSION'S TREASURER**

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sean S. Henry, Treasurer, Pomona-Walnut-Rowland Joint Water Line Commission.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 538,281	\$ 671,833
Accounts receivable from member agencies	3,658,213	2,921,743
Interest receivable	773	977
Prepaid insurance	563	563
<b>TOTAL CURRENT ASSETS</b>	<b>4,197,830</b>	<b>3,595,116</b>
<b>NONCURRENT ASSETS:</b>		
<b>Restricted assets:</b>		
Cash and cash equivalents	402,305	358,982
Accounts receivable from member agencies	10,831	10,831
Total restricted assets	413,136	369,813
<b>Capital assets:</b>		
Capital assets, at cost	2,153,375	2,153,375
Less accumulated depreciation	(823,533)	(809,386)
Capital assets, net	1,329,842	1,343,989
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,742,978</b>	<b>1,713,802</b>
<b>TOTAL ASSETS</b>	<b>5,940,808</b>	<b>5,308,918</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	3,651,980	3,063,848
<b>NET ASSETS</b>		
Invested in capital assets	1,329,842	1,343,989
Restricted for capital asset repairs and replacement	413,136	369,813
Unrestricted	545,850	531,268
<b>TOTAL NET ASSETS</b>	<b>\$ 2,288,828</b>	<b>\$ 2,245,070</b>

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

COMBINED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Water sales to member agencies	\$ 17,499,140	\$ 17,400,727
Member agency assessments	93,668	93,661
TOTAL OPERATING REVENUES	17,592,808	17,494,388
OPERATING EXPENSES:		
Water purchases	17,499,140	17,400,727
Maintenance	7,828	15,957
Depreciation	14,147	14,147
General and administrative contractual services	64,284	64,200
Insurance	2,183	4,793
Legal fees	95	-
Auditing	4,300	4,300
Other	3,627	3,802
TOTAL OPERATING EXPENSES	17,595,604	17,507,926
OPERATING LOSS	(2,796)	(13,538)
NONOPERATING REVENUES:		
Investment income	3,231	3,978
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	435	(9,560)
CAPITAL CONTRIBUTIONS - SURCHARGES	43,323	43,323
CHANGE IN NET ASSETS	43,758	33,763
NET ASSETS AT BEGINNING OF YEAR	2,245,070	2,211,307
NET ASSETS AT END OF YEAR	\$ 2,288,828	\$ 2,245,070

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from member agencies	\$ 16,856,338	\$ 17,810,449
Cash paid to suppliers	(16,993,325)	(17,663,656)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(136,987)	146,793
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital surcharge	43,323	43,323
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	3,435	4,075
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,229)	194,191
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,030,815	836,624
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 940,586	\$ 1,030,815
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (2,796)	\$ (13,538)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	14,147	14,147
(Increase) decrease in accounts receivable	(736,470)	316,059
Increase (decrease) in accounts payable	588,132	(169,875)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (136,987)	\$ 146,793

See independent auditors' report and notes to financial statements.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization:

Pomona-Walnut-Rowland Joint Water Line Commission (the "Commission") was formed under the Joint Powers Agreement of 1956 between the City of Pomona, the Walnut Valley Water District and the Rowland Water District (the "Agreement") for the purpose of acquiring, constructing, maintaining, repairing, managing, operating and controlling a water transmission pipeline for the benefit of the member agencies. On December 21, 2006, the Agreement was amended, restated and renewed, and will continue to be in force for twenty years from this date, with three, ten-year extensions allowable upon the written consent of each of the member agencies. For the years ended June 30, 2012 and 2011, the Commission has purchased all of its water from Three Valleys Municipal Water District.

b. Operations:

The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. In addition, the member agencies are billed for the cost of maintenance and operation of the pipeline.

c. Fund Accounting:

The Commission reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Commission is that the costs of providing goods and services to the member agencies on a continuing basis be financed or recovered primarily through user charges.

d. Measurement Focus and Basis of Accounting:

The Commission's financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with the Commission's activities are included on the balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows.

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Classification of Net Assets:

Net assets of the Commission are classified as follows:

- Invested in capital assets, net of related debt - This classification of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. This classification of the Commission's net assets consists of unrestricted capital assets only. There is no debt related to these capital assets.
- Restricted - This classification of net assets consist of constraints placed on net asset use that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. This classification of the Commission's net assets consists of unspent capital surcharges.
- Unrestricted net assets - This classification of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

f. Restricted Resources:

When both restricted and unrestricted resources are available for use, the Commission may use restricted resources or unrestricted resources based on the Board of Commissioners' discretion.

g. Operating Revenues and Expenses:

Operating revenues, such as charges for services (water sales and member assessments) result from exchange transactions associated with the principal activity of the Commission. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as capital surcharges and investment income, result from non-exchange transactions or ancillary activities in which the Commission gives (receives) value without directly receiving (giving) equal value in exchange.

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Operating Revenues and Expenses (Continued):

Operating expenses include the cost of sales and services and administrative expenses. All expenses not meeting this definition are reported as non-operating expenses, if any.

h. Capital Assets:

Capital assets, which include pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads, are defined as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Pipelines and improvements	150
Service connections	150
Telemetry System	6
Engineering costs for proposed roads	5

i. Investments:

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

j. Cash and Cash Equivalents:

For purposes of the statement of cash flows the Commission considers all investment instruments purchased with a maturity date of three months or less to be cash and cash equivalents.

k. Accounts Receivable:

The Commission reports its accounts receivable at invoiced amounts less allowances for doubtful accounts and other deductions, if applicable. Management evaluates the ability to collect accounts receivable based on a combination of factors. No allowance for doubtful accounts was recorded as of June 30, 2012 or 2011.

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management, if necessary, to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS:

Cash and investments are reported as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Statement of Net Assets:		
Cash and cash equivalents	\$ 538,281	\$ 671,833
Restricted cash and cash equivalents	<u>402,305</u>	<u>358,982</u>
Total cash and investments	<u>\$ 940,586</u>	<u>\$ 1,030,815</u>

Cash and investments held by the Commission at June 30, 2012 and 2011 consisted of the following:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Deposits	\$ 70,225	\$ 207,888
Investment in California Local Agency Investment Fund	<u>870,361</u>	<u>822,927</u>
Total cash and investments	<u>\$ 940,586</u>	<u>\$ 1,030,815</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the Commission's Investment Policy:**

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	None
State of California Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
Banker's Acceptances Notes	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	270 days	40%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	N/A	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages its exposure to interest rate risk is by investing funds in the California Local Agency Investment Fund (LAIF).

The LAIF is a voluntary investment program that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in the LAIF are highly liquid, and deposits may be converted to cash within 24 hours without loss of interest. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

**Disclosures Relating to Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LAIF is not rated.

**Concentration of Credit Risk:**

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (c.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The financial institution used by the Commission has indicated that there are times during the course of a year where they may not have met the collateral requirements. In addition, due to existing financial market conditions, there is a risk that the Commission may not be able to recover its deposits in excess of FDIC insurance coverage if a financial institution fails and the market value of the collateral is not sufficient to cover all deposits. At June 30, 2012, the bank balance of deposits in the amount of \$70,225 was fully insured by the Federal Deposit Insurance Corporation. At June 30, 2011, the bank balance of deposits in the amount of \$207,888 was fully insured by the Federal Deposit Insurance Corporation.

3. RESTRICTED ASSETS:

Restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water lines.

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	-	-	29,050
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
Total capital assets, being depreciated	<u>2,153,375</u>	<u>-</u>	<u>-</u>	<u>2,153,375</u>
Less accumulated depreciation:				
Pipelines and improvements	(746,844)	(13,579)	-	(760,423)
Service connections	(31,291)	(568)	-	(31,859)
Telemetry system	(29,050)	-	-	(29,050)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
Total accumulated depreciation	<u>(809,386)</u>	<u>(14,147)</u>	<u>-</u>	<u>(823,533)</u>
Total capital assets, net	<u>\$ 1,343,989</u>	<u>\$ (14,147)</u>	<u>\$ -</u>	<u>\$ 1,329,842</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	-	-	29,050
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
 Total capital assets, being depreciated	 <u>2,153,375</u>	 <u>-</u>	 <u>-</u>	 <u>2,153,375</u>
Less accumulated depreciation:				
Pipelines and improvements	(733,265)	(13,579)	-	(746,844)
Service connections	(30,723)	(568)	-	(31,291)
Telemetry system	(29,050)	-	-	(29,050)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
 Total accumulated depreciation	 <u>(795,239)</u>	 <u>(14,147)</u>	 <u>-</u>	 <u>(809,386)</u>
 Total capital assets, net	 <u>\$ 1,358,136</u>	 <u>\$ (14,147)</u>	 <u>\$ -</u>	 <u>\$ 1,343,989</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2012 and 2011

5. RISK MANAGEMENT:

The Commission is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). The ACWA/JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2012 the Commission participated in the self-insurance program of the ACWA/JPIA as follows:

General Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

The Commission pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are recorded to insurance expense when refunded or invoiced. The Commission's insurance expense for the years ended June 30, 2012 and 2011 was \$2,183 and \$4,793, respectively. There were no instances in the past three years where a settlement exceeded the Commission's coverage.

## **SUPPLEMENTARY INFORMATION**

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the year ended June 30, 2012

	Water Operations	General and Administration	Total
<b>OPERATING REVENUES:</b>			
Water sales to member agencies	\$ 17,499,140	\$ -	\$ 17,499,140
Member agency assessments	13,754	79,914	93,668
<b>TOTAL OPERATING REVENUES</b>	<b>17,512,894</b>	<b>79,914</b>	<b>17,592,808</b>
<b>OPERATING EXPENSES:</b>			
Water purchases	17,499,140	-	17,499,140
Maintenance	7,828	-	7,828
Depreciation	14,147	-	14,147
General and administrative contractual services	-	64,284	64,284
Insurance	-	2,183	2,183
Legal fees	-	95	95
Auditing	-	4,300	4,300
Other	-	3,627	3,627
<b>TOTAL OPERATING EXPENSES</b>	<b>17,521,115</b>	<b>74,489</b>	<b>17,595,604</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(8,221)</b>	<b>5,425</b>	<b>(2,796)</b>
<b>NONOPERATING REVENUES:</b>			
Investment income	3,231	-	3,231
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(4,990)</b>	<b>5,425</b>	<b>435</b>
<b>CAPITAL CONTRIBUTIONS - SURCHARGES</b>	<b>43,323</b>	<b>-</b>	<b>43,323</b>
<b>CHANGE IN NET ASSETS</b>	<b>38,333</b>	<b>5,425</b>	<b>43,758</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,213,219</b>	<b>31,851</b>	<b>2,245,070</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,251,552</b>	<b>\$ 37,276</b>	<b>\$ 2,288,828</b>

See independent auditors' report.



POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the year ended June 30, 2011

	Water Operations	General and Administration	Total
<b>OPERATING REVENUES:</b>			
Water sales to member agencies	\$ 17,400,727	\$ -	\$ 17,400,727
Member agency assessments	13,354	80,307	93,661
<b>TOTAL OPERATING REVENUES</b>	<u>17,414,081</u>	<u>80,307</u>	<u>17,494,388</u>
<b>OPERATING EXPENSES:</b>			
Water purchases	17,400,727	-	17,400,727
Maintenance	15,957	-	15,957
Depreciation	14,147	-	14,147
General and administrative contractual services	-	64,200	64,200
Insurance	-	4,793	4,793
Auditing	-	4,300	4,300
Other	-	3,802	3,802
<b>TOTAL OPERATING EXPENSES</b>	<u>17,430,831</u>	<u>77,095</u>	<u>17,507,926</u>
<b>OPERATING INCOME (LOSS)</b>	(16,750)	3,212	(13,538)
<b>NONOPERATING REVENUES:</b>			
Investment income	3,978	-	3,978
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(12,772)	3,212	(9,560)
<b>CAPITAL CONTRIBUTIONS - SURCHARGES</b>	<u>43,323</u>	<u>-</u>	<u>43,323</u>
<b>CHANGE IN NET ASSETS</b>	30,551	3,212	33,763
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,182,668</u>	<u>28,639</u>	<u>2,211,307</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,213,219</u>	<u>\$ 31,851</u>	<u>\$ 2,245,070</u>

See independent auditors' report.

POMONA-WALNUT-ROWLAND  
JOINT WATER LINE COMMISSION

SCHEDULE OF NET ASSETS INVESTED IN  
CAPITAL ASSETS BY MEMBER AGENCY

June 30, 2012

	City of Pomona	Walnut Valley Water District	Rowland Water District	Unallocated	Total
Pipeline section A-B	\$ 276,438	\$ 151,474	\$ 106,031	\$ -	\$ 533,943
Pipeline section B-D	188,719	150,958	94,359	-	434,036
Pipeline section D-F	-	527,953	328,914	-	856,867
Pipeline relocation	81,239	79,246	51,516	-	212,001
Engineering for proposed road	-	1,123	1,078	-	2,201
Telemetry system	-	-	-	29,050	29,050
Service connections	66,374	8,455	10,448	-	85,277
	<u>\$ 612,770</u>	<u>\$ 919,209</u>	<u>\$ 592,346</u>	<u>\$ 29,050</u>	<u>\$ 2,153,375</u>

Note: This schedule excludes accumulated depreciation.

See independent auditors' report.

2.6

**Rose Perea**

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**From:** Julie Ackman [julie@urbanwater.ccsend.com] on behalf of Julie Ackman [julie@urbanwater.com]  
**Sent:** Thursday, November 01, 2012 3:07 PM  
**To:** Rose Perea  
**Subject:** Save the Date for Urban Water Institute's Spring Water Conference

Having trouble viewing this email? [Click here](#)



## **SAVE THE DATE**

*For*

**Urban Water Institute's**

## **Spring Water Conference**

***February 20-22, 2013***

**Hilton Palm Springs Hotel  
400 East Tahquitz Canyon Way  
Palm Springs, California 92262  
(760) 320-6868**

### **Tentative Program Topics:**

- Controlling the costs of water and power.
- The power of creativity, shared services to maximize efficiency.
- Developing insight into how ratepayer advocates determine a fair rate to charge consumers.
- Representatives from the major utilities will present their views on future water costs.
- Experts will present their views on costs in the water business to

implement AB32.

- Next week San Francisco voters will decide on removing the Hetch Hetchy system...if it passes, experts will discuss what the implications are both locally and statewide.

### **Hotel Information**

The newly renovated Hilton Palm Springs Hotel is offering rooms for the discounted rate of \$139 per night for conference attendees. Please note the cutoff date to reserve your room is **February 6, 2013**. Call the Hilton directly at (760) 320-6868 and reference Urban Water Institute to receive the group rate. Guests will receive a 15% discount on all treatments at the new Elements Spa.

**[PLEASE CLICK HERE TO REGISTER](#)**

**For more information please contact Julie Ackman  
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**3.1**

# Reeb Government Relations, LLC

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## MEMORANDUM

November 1, 2012

**TO:** Steve Cole, General Manager  
Newhall County Water District

Tom Coleman, General Manager  
Orchard Dale Water District

Ken Deck, General Manager  
Rowland Water District

**FROM:** Bob Reeb and Raquel Ayala  
Reeb Government Relations, LLC

**SUBJECT:** 2012 Annual Report

This is the second year that Reeb Government Relations has had the honor and privilege to work in conjunction with Newhall County Water District (NCWD), Orchard Dale Water District (ODWD), and Rowland Water District (RWD) to advance the interests of the three Districts, their tax payers and customers in the State Capitol. Together, the Districts' Board of Directors, management and staff, and Reeb Government Relations continue to be an effective voice for common sense legislation and regulations that enable rather than detract from pursuit of the Districts' mission.

### State Budget and Proposition 30

Facing the threat of lost pay, state lawmakers sent a \$92.1 billion spending plan to Governor Jerry Brown on June 15 despite the lack of a budget agreement between legislative Democrats and the Governor. Both houses of the Legislature swiftly passed seven budget trailer bills with little of the drama that characterized late-night budget sessions of the past. This is the second time Democrats have approved a spending plan using their majority-vote authority under Proposition 25, rather than the supermajority vote required before 2011. The two houses voted along partisan lines, with most Democrats in favor and Republicans opposed. Lawmakers had to pass a budget by the constitutional deadline to avoid losing salary and per diem payments.

Although lawmakers made the June 15 deadline, they did not send the bulk of more than two dozen "trailer" bills that detail how to cut programs and raise revenue. According to Senate President Pro Tem Darrell Steinberg, Democrats did not pass all of the trailer bills because they wanted to finish negotiations with the Governor before they voted on the measures. The two sides agreed on cuts to courts and state workers, along with a November ballot initiative that, if approved by state voters,

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would temporarily raise the sales tax and income tax rates for high-income earners. They also relied on new revenue to balance the budget from greenhouse-gas emission credit auction proceeds, borrowing \$2.9 billion from special funds and relying on proceeds from a multistate settlement with banks for past mortgage abuses.

Governor Brown signed the Fiscal Year 2012-13 budget on June 27 after the Legislature passed the remaining trailer bills earlier that same day. Governor Brown used his line item veto authority to reduce the budget by about \$192 million. To close the \$15.7 billion budget deficit, the \$92 billion budget makes deep cuts to social services and assumes that voters will pass the temporary tax increase proposal on the November ballot (Proposition 30). The Governor says the state will cut billions of dollars from higher education and public schools if Proposition 30 fails.

Proposition 30 would temporarily increase the state sales tax by one-quarter cent for every dollar, beginning January 2013 and ending in 2016. It would also increase the existing 9.3 percent personal income tax rate on higher income earners for seven years. These increases will apply to single filers earning \$250,000 or more a year and joint-filers making \$500,000 or more a year. This revenue is estimated to raise about \$6 billion annually. The revenue from the measure will help the Governor and the Legislature balance the FY 2012-13 budget and future state budgets. The measure would also guarantee that local governments will annually receive tax revenues to fund program responsibilities transferred to them by the state in 2011, according to Governor Brown. The transferred program responsibilities include incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

A series of automatic cuts will be triggered if voters reject the tax initiative, including about \$5.4 billion in cuts to schools, community colleges and higher education, as well as three weeks less in the K-12 public school calendar for the next two years.

### **Pension Reform**

On August 28—three days before the end of the legislative session—Governor Brown announced a compromise with Democratic legislative leaders on changes to pension benefits for new public employees, an agreement that includes legislation to cap pensions, curb pension spiking, increase to 50 percent the amount employees contribute to their retirement benefits and raise the retirement age. According to the agreement, newly hired public safety employees would have to wait until age 57 to retire with full benefits while current public safety workers can retire at 50. All other newly hired public employees could retire with full benefits at age 67, instead of the current 55.

Lawmakers generally agreed to much of the pension plan unveiled by the governor last year, though they softened several elements and rejected three of Brown's 12 goals outright, including a proposal to create a "hybrid" model for public employees that included both a traditional defined benefit and 401(k)-style savings plan. Instead, Democrats and the Governor agreed to place a hard cap on the amount of compensation that can be used when calculating retirement pay. Currently, there is no limit on the pay by which a public employee's pension is calculated and some pensions run as high as \$500,000 a year. For public employees participating in Social Security, the proposed cap would be based on the Social Security wage limit, which is currently \$110,100 a year. Public workers not paying into Social Security would have pensions based on a salary of up to 120 percent of the Social Security wage limit, or \$132,000 a year. Lawmakers rejected plans to change the makeup of the



CalPERS board of administration and Brown's proposal to increase state retiree health care vesting, saying the issues should be settled at the bargaining table and that public employee unions are open to negotiations on both of those issues. The bill package also included major changes to some of Brown's most controversial proposals. Specifically, the pension reform legislation (AB 340) signed by the Governor on September 12 would:

#### Cap Salaries

- Cap salaries for calculating a pension at the Social Security contribution and wage base of \$110,100 (or 120 percent of that amount for employees not covered by Social Security).

#### Establish Equal Sharing of Pension Costs as the Standard

- Require new employees to contribute at least half of normal costs, and sets a similar target for current employees, subject to bargaining.
- Eliminate current restrictions that impede local employers from having their employees help pay for pension liabilities.
- Permit employers to develop plans that are lower cost and lower risk if certified by the system's actuary and approved by the legislature.
- Provide additional authority to local employers to require employees to pay for a greater share of pension costs through impasse proceedings if they are unsuccessful in achieving the goal of 50-50 cost sharing in 5 years.
- Direct state savings from cost sharing toward additional payments to reduce the state's unfunded liability.

#### Roll Back Retirement Ages and Formulas

- Increase retirement ages by two years or more for all new public employees.
- Roll back the unsustainable retirement benefit increases granted in 1999 and reduce the benefits below the levels in effect for decades.
- Eliminate all 3 percent formulas going forward
  - For local miscellaneous employees: 2.5 percent at 55 changes to 2 percent at 62; with a maximum of 2.5 percent at 67.
  - For local fire and police employees: 3 percent at 50 changes to 2.7 percent at 57.
- Establish consistent formulas for all new employees going forward.

#### End Abuses

- Require three-year final compensation to stop spiking for all new employees.
- Calculate benefits based on regular, recurring pay to stop spiking for all new employees.
- Limit post-retirement employment for all employees.
- Felons will forfeit pension benefits.
- Prohibit retroactive pension increases for all employees.
- Prohibit pension holidays for all employees and employers.
- Prohibit purchases of service credit for all employees.

It's not yet clear how much money the changes will save the state. At his September 2 press conference in Los Angeles, Governor Brown said these changes would save the state "billions" of dollars, saying that "public retirement benefits will be lower than when I took office in 1975."

According to the cost analysis estimates produced by the California Public Employees' Retirement System (CalPERS) on August 31, the law will save between \$42 billion and \$55 billion over the next 30 years.

"This analysis does not include billions of dollars in additional potential savings that are expected from other retirement systems in California," Rob Feckner, President of CalPERS Board of Administration said. "We expect the changes will also reduce abuse and add protections for members and taxpayers."

### **Water Bond Delayed Until 2014**

AB 1422, by Assembly Member Henry Perea, was amended on June 28 to change the submission date for the Safe, Clean, and Reliable Drinking Water Supply Act (Water Bond) from the November 2012 general election to the November 2014 general election. The bond, which would provide a total of \$11.14 billion in funds for water supply, environmental restoration and groundwater protection projects, was originally scheduled to be on the November 2010 ballot. The Legislature voted in 2010 to delay it until this year.

ACWA and other interest groups conducted surveys this year to gauge voter support for the bond. The surveys showed that voters were unlikely to pass an \$11.14 billion bond this year. This presented two tough choices for supporters of the bond: (1) delay the water bond until 2014 when voter perception of the bond might change, or (2) reduce the amount of the bond. In the end, a decision was made to delay the bond. The Senate passed AB 1422 on July 5 with a 34 -2 vote, and the Assembly passed it by a 69-7 vote later that same day. Both houses approved the urgency measure on a two-thirds vote basis so the move would not be subject to legal challenge. Governor Brown signed AB 1422 into law on July 9 (Chapter 74, Statutes of 2012).

Moving the water bond to November 2014 does not preclude efforts to shrink the size of the bond or change the content of the proposal. Efforts in either direction could begin as early as next year.

### **Districts Remain Active on the Legislative Front**

This year, the Governor was presented with a total of 996 bills; he signed 874, vetoed 120 and let two bills become law without his signature. The Governor had 30 days to act on bills passed by the Legislature on or after August 20, 2012; before that date, the Governor had 12-days to act. This year, 77% (767) of bills acted on were in the 30-day period.

The Districts actively monitored or engaged in direct lobbying on over 25 bills this year. Many of those bills were 2-year bills that were introduced in 2011 and did not move through the legislative process, but were eligible for action in 2012. We will highlight only a handful of bills below on which the Districts were active.



### 2012 Human Right to Water Bill Package

The first Human Right to Water bill package was introduced in 2011, the first year of the legislative session. The package included six bills: AB 685 (Eng) relating to human right to water, AB 938 (V.M. Perez) relating to language access on public health notifications, AB 983 (Perea) relating to access to clean up and abatement funding, AB 1187 (Fong) relating to Drinking Water Plan, AB 1221 (Alejo) relating to Drinking Water State Revolving Fund, and SB 244 (Wolk) relating to General Plans. The Governor signed four of those bills into law last year—AB 938, AB 983, AB 1221, and SB 244—stating that “clean drinking water is a basic human right” and that “protecting the water we drink is an absolutely crucial duty of state government.” AB 685 and AB 1187 failed to reach the governor’s desk, becoming 2-year bills.

This year, AB 685 was taken up for another attempt at passage as part of the 2012 Human Right to Water bill package, which included four newly introduced bills. We monitored the following bills from the 2012 package on behalf of the Districts:

- **AB 685 (Eng) Human Right to Water** - would establish a human right to water as a state policy priority to ensure that all Californians have access to safe, affordable, and accessible water human consumption, cooking, and sanitary purposes. This bill was first introduced in 2011. ODWD and RWD took an “oppose unless amended” position seeking amendments to limit its application to state agencies only—which would reflect the intent of the sponsors (i.e., that the State Water Board and Department of Water Resources have not done enough to funnel state money into correcting contaminated water wells and small community water systems). This approach would protect local agencies against imposition of such a policy, protecting local rate setting authority and service extension statutes, among others. A coalition in opposition to AB 685 quickly formed, which included the Association of California Water Agencies, California Chamber of Commerce, California Farm Bureau Federation, Desert Water Agency, East Valley Water District, El Dorado Irrigation District, Friant Water Authority, Kings River Conservation District, Kings River Water Association, Valley Ag Water Coalition and Western Growers Association. AB 685 easily cleared the Assembly, but ultimately was held in the Senate Appropriations Committee in August 2011.

The bill was amended in January 2012 to clarify some of its provisions, but those changes did not address opposition concerns. Rumors surfaced in early August 2012 that AB 685 proponents were pressuring the Senate Appropriations Committee to pass the bill. ACWA asked Reeb Government Relations to assume leadership of the opposition coalition. An updated opposition letter was sent to the committee - which reflected new opposition to the bill including NCWD - and Bob Reeb met with the committee and Republican caucus consultants. On August 21, and with notice only appearing on that date, AB 685 passed the Senate Appropriations Committee with a 5-2 vote. The bill was amended to limit state liability for expenditures beyond typical state revolving fund appropriations. Despite opposition efforts, the bill quickly passed the Senate Floor on a 22-16 vote. The coalition began working the Assembly Floor and attempted to tie action on AB 685 to related two-thirds vote legislation. That effort ultimately failed, but based on the recommendation of Reeb, opponents approached Assembly Member Eng about placing a letter in the Assembly Daily Journal that contained the essential elements of amendments that had been sought by



opponents. Obtaining a letter to the Journal would establish a record of the author's intent, and therefore supplement the legislative history of the bill.

Reeb drafted the letter, the essential elements of which included statements that the author did not intend for his bill to alter existing policies or regulations relating to the granting, administration or enforcement of water rights; and that it is not the author's intent that Section 106.3 alters existing statutory requirements applicable to public water systems, including:

*(1) statutorily-mandated procedures to terminate water service (i) for nonpayment of water bills or (ii) for any violation of a rule or regulation adopted by a public water system or regulatory agency; (2) compliance with any applicable water quality requirement established pursuant to federal or state law; (3) compliance with any water planning process set forth in the Water Code, including but not limited to Water Code Sections 10608-10608.64, the Urban Water Planning Management Act (Water Code Sections 10610 et seq.), the Agricultural Water Planning Management Act (Water Code Sections 10800 et seq.) and Water Code Sections 10910-10915); (4) compliance with any statutory requirement pursuant to the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.); (5) compliance with any statutory requirement pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); (6) declaration of a water shortage emergency pursuant to Water Code Sections 350 et seq.; and (7) compliance with any requirements pertaining to the Public Utilities Commission regulation of water utilities pursuant to the Public Utilities Code.*

Although the opposition coalition would have preferred that provisions related to these statements be amended into the bill, the letter to the Assembly Daily Journal will provide value in terms of litigation or changes in state policies or regulations that might result from the enactment of the bill. AB 685 cleared the Assembly Floor on a 51-28 vote. The bill was signed into law September 25 (Chapter 524, Statutes of 2012).

- **AB 2238 (Perea) Public water systems: drinking water** – would expand access to safe and affordable water and wastewater treatment services by promoting the consolidation and merger of small community water systems that serve existing low income communities. NCWD, ODWD, and RWD took an “oppose unless amended” position to this bill. The Districts objected to three provisions in AB 2238, including one that would require a local agency formation commission (LAFCO) to comprehensively assess various alternatives for improving efficiency and affordability of infrastructure and service delivery for drinking water and wastewater services. The March 29, 2012 version of AB 2238 would have deleted that requirement whenever the commission or executive officer of the commission made a written determination that the assessment was not reasonable under the circumstances. The exception was important in that it would be a waste of limited commission time and resources to assess alternatives in every area of a county. Moreover, it is unlikely that commission staff would have the experience and expertise to conduct such an assessment. Unfortunately, the amendment gained on March 29 was later reversed. The bill was subsequently amended twice again to address the Districts’ concerns, at which point a letter was sent on behalf of NCWD, ODWD, and RWD removing opposition. The bill passed the Assembly floor, on May 31, on a 48-25 vote, and was referred to the Senate Environmental Quality Committee for consideration.



The bill was gutted and amended on August 24 to delete the previous version of the bill and replaced with language that would expand actions available for emergency funding from the Emergency Water Grant Fund (ECWGF), and define, for purposes of ECWGF, "public health emergency" to include: (1) a public water system that serves a severely disadvantaged community that lacks the technical or financial capacity to deliver potable water or has applied for specified funding; and (2) the disruption or contamination of drinking water due to natural disasters. The bill, as amended, would also have capped funding for emergency actions for an alternative water supply at \$50,000 per public water system per public health emergency, and required Department of Public Health (DPH) to post on its Web site Safe Drinking Water State Revolving Fund (SDWSRF) funding information regarding small community water systems serving disadvantaged and severely disadvantaged communities. The Districts did not take a position on this new amended version.

AB 2238 died in the Senate Appropriations Committee, after failing to meet the August 31 deadline pursuant to Joint Rule 61 (b)(17)—the last day for any bill to be passed.

#### Delta Legislation

Efforts to stall progress of the Bay Delta Conservation Plan (BDCP) continued this year with the introduction of three bills, AB 2000 by Assembly Member Alyson Huber (D-Lodi), and AB 2421 and AB 2422 by Assemblymember Bill Berryhill (R-Ceres). The Districts joined a coalition in opposition to the bills.

- **AB 2000 (Huber) Sacramento-San Joaquin Delta** - would have required the Department of Water Resources (DWR) to withdraw from its existing amended Memorandum Of Understanding (MOA) with the export water agencies funding the planning of the Bay Delta Conservation Plan (BDCP) and the U.S. Department of Interior Bureau of Reclamation (Reclamation), and to enter into a new MOA only if a list of requirements were met, including giving the Delta counties decision-making authority over BDCP implementation; require BDCP to evaluate non-diversion alternatives; and require an independent review of the science behind BDCP. Further, the bill would have appropriated all the remaining levee improvement funding from Propositions 84 and 1E, to DWR, without the benefit of an economically-based risk reduction and expenditure strategy.

The Districts took an "oppose" position on this bill, questioning the wisdom and legality of the provisions in AB 2000 that would require DWR to abandon the existing funding agreement during the final months of the planning process. The Districts argued that AB 2000 would disrupt the BDCP process and delay it for years, if not indefinitely, and threaten a process adopted in the 2009 Delta Reform Act that created a path towards new Delta Conveyance and ecosystem recovery.

The bill failed passage in the Assembly Water, Parks and Wildlife Committee on April 24 on a 2-7 vote.

- **AB 2421 (Berryhill, Bill) Bay Delta Conservation Plan** - would have required an independent third party to conduct a cost-benefit analysis for any project being submitted by the Bay Delta Conservation Plan (BDCP) to the Delta Stewardship Council's Delta Plan.



The Districts took an "oppose" position on this bill stating that the bill was redundant and unnecessary. NCWD, ODWD, and RWD, along with the coalition in opposition, argued that the Legislature had already adopted safeguards for new Delta conveyance that it deemed prudent back in 2009. Chapter 8 of the draft BDCP outlines implementation costs estimated over the proposed 50-year term of the Plan, including the costs related to each of its primary components. Economic impacts of the BDCP and the costs of alternative conveyance and/or habitat restoration options in the Delta will be analyzed as part of the BDCP development and environmental review process, a process which is still ongoing and - as announced by the California Resources Agency on May 3 - will be delayed. In addition, the California Resources Agency has commissioned a full and comprehensive analysis of the habitat and conveyance benefits under BDCP. The benefits analysis is anticipated for release within the month. The funding source for the cost/benefit analysis called for in AB 2421 was not identified. The public water agencies that are funding the development of the BDCP and the environmental review were extremely concerned that the burden for funding the analysis in AB 2421 would fall to them. Over the past six years, those same public water agencies have invested over \$150 million of water ratepayer funds for the planning, development and scientific analysis behind BDCP.

The bill narrowly passed the committee and was sent to the Assembly Appropriations Committee. The latter committee moved AB 2421 to its Suspense File on May 9, where it was held under submission. The bill died in committee failing to meet the May 25 deadline for bills to be referred to the floor.

- **AB 2422 (Berryhill, Bill) Western Delta Intake Concept** - would have directed the Department of Water Resources (DWR) to expedite an evaluation and feasibility study of the Western Delta Intakes Concept. Under the bill, if DWR were to determine the plan was "feasible," it would have been directed to include recommendations regarding specific facilities to be constructed and identify potential funding sources for implementation of the plan.

The Districts took an "oppose" position on this bill, stating that various combinations of water conveyance configurations, capacities, operations, and habitat restoration, and their effects on biological resources and hydrology were already being evaluated; and that to throw yet another variation of an alternative into the BDCP process would unnecessarily divert attention and already-limited resources.

The bill narrowly passed the committee and was sent to the Assembly Appropriations Committee. The latter committee moved AB 2422 to its Suspense File on May 9, where it was held under submission. The bill died in committee failing to meet the May 25 deadline for bills to be referred to the floor.

#### Metal Theft:

Metal theft continues to plague utilities and rural California as the price of certain metals continues to make theft attractive to thieves. The theft of metals has devastated both public and private property and has harmed critical public infrastructure, making it difficult to deliver essential utilities to customers. Moreover, the theft of certain metal devices can seriously threaten public health and safety. While several laws have been enacted to curb metal theft, it is still prevalent throughout



California. Several bills were introduced this year to address metal theft and strengthen current law. We tracked the following bills on behalf of the Districts.

- **AB 1971 (Buchanan) Theft: junk, metals, and secondhand materials** - would increase the maximum fine for junk and second-hand dealers who knowingly purchase metals used in transportation or public utility services without due diligence from \$250 to \$1,000, and clarify that, for purposes of the vandalism statute, "damages" includes damage caused to public transit properties and facilities, public park properties and facilities, and public utilities and water properties and facilities, in the course of stealing or attempting to steal nonferrous material, as defined in Section 21608.5 of the Business and Professions Code.

NCWD, ODWD, and RWD approved a support position on this bill. The Districts argued that by stiffening the penalties for receiving, without due diligence, metal objects that are normally used by a water utility, and therefore likely to have been stolen, AB 1971 would create a greater deterrent to wrongdoers and increase the incentive for junk dealers to exercise greater care when purchasing metal objects. The bill passed the Senate Floor on a 33-0 vote and the Assembly on a 76-0 vote. AB 1971 was signed into law by Governor Brown on July 10 (Chapter 82, Statutes of 2012)

- **SB 1045 (Emmerson) Metal theft: damages** - would prohibit a junk dealer or recycler from possessing a reasonably recognizable, disassembled or inoperative fire hydrant, manhole cover or lid, or backflow device or connection to that device without a written certification on the letterhead of the agency or utility that owns or previously owned the material certifying that the entity has sold or is offering the material for sale and that the person possessing and identified in the certificate is authorized to negotiate the sale of the material. Under the provisions of this bill, junk dealers and recyclers caught with the specified materials, and without the proper paperwork, would be civilly liable for actual damages, and also for exemplary damages of three times the agency's or utility's actual damages, including the value of the material, the cost of replacing the material, labor costs, and the cost of repairing any damage caused by the removal of the material, unless the court determines that the extenuating circumstances do not justify awarding exemplary damages.

NCWD, ODWD, and RWD took a "support" position on this bill. The Districts argued that the civil liability provisions that would be enacted by SB 1045 would serve as an additional deterrent for the theft of these materials. SB 1045 passed the Assembly Floor on a 77-0 vote and the Senate Floor on a 31-0 vote. SB 1045 was signed into law by Governor Brown on September 19 (Chapter 393, Statutes of 2012).

- **SB 1387 (Emmerson) Metal theft** - would prohibit any junk dealer or recycler from possessing a fire hydrant, fire department connection, manhole cover or lid or any part of that cover or lid, or backflow device or connection to that device without written certification on the letterhead of the agency or utility that owns or previously owned the material and that the entity has sold or is offering the material for sale, and that the person possessing the certificate and identified in the certificate is authorized to negotiate the sale of the material. The bill would make the violation of this prohibition punishable as a misdemeanor, as well as possessing any of the above listed items, knowing that they were stolen, punishable by an additional fine of up to \$3,000.



NCWD, ODWD, and RWD took a "support" position on this bill. The Districts argued that SB 1387 would eliminate the attractiveness of manhole covers, backflow devices, and fire hydrants to metal thieves as there should no longer be a buyer for these stolen items. The bill passed the Assembly Floor on a 77-1 vote and the Senate Floor on a 38-0 vote. SB 1387 was signed into law by Governor Brown on September 27 (Chapter 656, statutes of 2012)

#### Environment: Proposition 84 and Groundwater Cleanup Projects

The Safe Drinking Water, Water Quality and Supply, Flood control, River and Coastal protection Bond Act of 2006 (Proposition 84) makes \$60 million available to the California Department of Public Health (DPH) for the purpose of loans and grants for projects to prevent or reduce contamination of groundwater that serves as a source of drinking water and requires the department to require repayment for costs that are subsequently recovered from parties responsible for the contamination. Current law requires DPH, in collaboration of the Department of Toxic Substances Control and the State Water Resources Control Board, to develop and adopt regulations governing the repayment of costs that are subsequently recovered from parties responsible for the contamination of groundwater.

AB 467, by Assemblymember Mike Eng (D-Monterey Park), would instead require DPH, in collaboration with those agencies, to develop guidelines governing this repayment. The bill would authorize the department to enter into an agreement with a grantee that would require the grantee to attempt to recover the costs from responsible parties and would allow grantees to utilize the repayments to fund activities authorized in the agreement. The bill would also make a declaration concerning the utilization of those repayments. NCWD, ODWD, and RWD took an "oppose unless amended" position on the bill, objecting to the provision in AB 467 that authorizes DPH to require a grantee to take appropriate action to attempt to recover the costs of cleanup from the parties responsible for the contamination.

In the decade of the 1990s, California public water systems were forced to address groundwater contamination from leaking underground storage tanks that allowed Methyl Tertiary-Butyl Ether (MTBE) to enter groundwater that serve as a source for drinking water. The Association of California Water Agencies (ACWA) worked with Senator Byron Sher on legislation to ban the chemical additive and to establish a state fund to assist public water systems with drilling new wells or purchasing replacement water. The source of funding came from the Leaking Underground Storage Tank (LUST) Cleanup and Abatement Account. During the course of legislative debate over the use of funds from the latter account, Senator Sher was forced to accept an amendment that required public water systems to pursue cost recovery from potentially responsible parties. Any funds that were capture were to pay back the LUST monies provided to the water system. In the several years that followed enactment of the Sher legislation, it became apparent that (1) the cost for most local agencies to pursue cost recovery approached or exceeded the total amount of state financial assistance provided, and (2) many small- and medium- size agencies were not applying for state financial assistance due to the cost recovery requirement. ACWA again approached Senator Sher to address this concerns as what was happening in the field was not consistent with the intent of the Legislature that local agencies access state financial assistance to rapidly replace contaminated drinking water supply. Subsequent negotiations placed a limit on the cost recovery mandate, allowing a local agency that received less than \$1 million in state funding to forgo the mandate.



In opposing AB 647, the Districts argued that by authorizing DPH to require a grantee to attempt to recover the costs to remediate contaminated groundwater from responsible parties, the bill would repeat the unintended consequences experienced with state funding to assist local agencies address MTBE contamination. Currently, while Proposition 84 requires a local agency to repay the state should costs be recovered, it does not mandate a local agency to pursue the cost recovery.

On May 23, 2012, the bill was amended to address the District's concerns, by deleting provisions from the bill that would have required the grantee to take appropriate action to recover the costs of cleanup from the parties responsible for the contamination. Based on this amended version, NCWD, ODWD, AND RWD removed its opposition to the bill. AB 467 passed the Senate Floor on August 22, with a 38-0 vote, and the Assembly Floor on August 24, with a 77-0 vote. The measure was vetoed on September 25 by Governor Brown, who stated:

*"This bill would allow recipients of Proposition 84 groundwater clean-up funds to leverage those funds by removing the requirement of having to pay back those state funds when they recover funding from parties responsible for the contamination, if they used the recovered funds for continued clean-up of their groundwater. I support the leveraging of all available funding by ensuring that recovered funds are effectively used in the jurisdictions that recover them. Unfortunately, the structure that was developed is cumbersome and inefficient. I am directing the Department of Public Health and the Department of Toxic Substances Control, to once again work with the Legislature to develop a more streamlined way to reinvest these funds."*

#### Wells: Reports: Public Availability.

SB 1146, SB 1146, by Senator Fran Pavley, would require DWR to make well completion reports for water wells available to the public. Well reports are a record of the drilling and construction of a groundwater well. They demonstrate that the well was properly constructed. Well completion reports (or "logs") include the location of the well, the depth of the well, the type of soils encountered, and depth to water. According to Senator Pavley: "These reports contain critical information for groundwater managers, consulting hydrologists, academics, and others interested in the geology and hydrologic characteristics of groundwater basins. Unfortunately, those who would benefit from this information cannot have access to it."

NCWD, ODWD, and RWD disagreed with the author, stating that persons who require access to well reports have access to those reports by way of any government agency or for the purpose of studying groundwater contamination. The Districts took an "oppose unless amended" position on the bill, arguing that SB 1146 went far beyond the concerns expressed by the Senator, making well completion reports available to the public in general.

Reeb Government Relations grew the opposition coalition between the Senate policy committee hearing and the Senate Floor, building a coalition that consisted of the California Bottled Water Association, California Groundwater Association, California Narcotics Officers Association, Central Basin Water Association, Coachella Valley Water District, Desert Water Agency, East Valley Water District, Friant Water Authority, International Bottled Water Association, Kern County Water Agency, Kings River Conservation District, Kings River Water Association, Newhall County Water District, Orchard Dale Water District, Rowland Water District and Valley Ag Water Coalition.



Amendments were sought by key Democratic Senators on behalf of the coalition to limit the disclosure of well log reports to certain professionals who have the education and expertise to utilize the information contained thereon for the purpose of conducting studies. The author rejected the amendments, arguing that accepting the amendments would guarantee a veto by the Governor. Bob Reeb quickly contacted DWR staff to ascertain whether such a message had been delivered to the author; no such message had been delivered. Nevertheless, the author refused to accept amendments to the bill. That refusal enabled a sufficient number of Democratic Senators to vote "NO" or abstain from voting and the bill failed passage on the Senate Floor on May 31, with a 19-16 vote.

### **NCWD, ODWD, and RWD Effective Advocates on Behalf of Their Taxpayers and Customers**

This completes the second year of a commitment on the part of NCWD, ODWD, and RWD to aggressively pursue advocacy efforts in the State Capitol relying on Reeb Government Relations to be their voice. The relationship between the three districts and their state legislators has improved over the past year as ongoing communication and personal contact has occurred on key issues of interest to the districts. This will be an ongoing process due to the effect of term limits on the Legislature as Orchard Dale and Newhall will have new Assembly Members come December.

The districts have been effective in representing their interests at times when statewide associations or other water districts have declined to weigh in on controversial legislation. Timely communication between Reeb Government Relations and District managers has enabled the latter to communicate with local associations and others in their respective communities in order to magnify their individual voices on key legislation; i.e., SB 1146 (Pavley) and SB 1386 (Lowenthal). Without taking on issues like the public disclosure of well completion reports and efforts to frustrate progress in the Sacramento-San Joaquin Delta, legislators might not have understood the serious implications for their constituents—the customers of the water districts.

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# Rowland Water District

P.O. Box 8460  
3021 South Fullerton Road  
Rowland Heights, California 91748  
Telephone: (562) 697-1726  
Fax: (562) 697-6149

KEN DECK  
General Manager

TED CARRERA  
Assistant General Manager

JANET MORNINGSTAR  
Legal Counsel

## DIRECTORS

ANTHONY J. LIMA  
President

ROBERT W. LEWIS

TERESA P. RIOS

SZU PEI LU-YANG  
Vice President

JOHN BELLAH

October 29, 2012

Dr. Stephen Y.H. Su, Ph.D.  
2386 Routh Drive  
Rowland Heights, CA 91748-4859

### **Subject: Water Service Rates**

Dear Dr. Su:

We are in receipt of your E-mail sent October 22, 2012, requesting clarification of the recent action taken by the Board of Directors to increase water service rates beginning January 1, 2013.

As a not-for-profit public agency, Rowland Water District's core function is to provide a safe and reliable water source for fire protection in addition to domestic and agricultural uses. To meet this objective, the District's governing body establishes a revenue stream necessary to purchase water supplies and to operate and maintain the water system to ensure service reliability.

The narrative below addresses the specific points or questions in your E-mail.

### **Background of Proposition 218**

Proposition 218 was adopted by the California voters in 1996 and it specifically added articles to the California Constitution governing the implementation of taxes, assessments and new classes of fees and charges.

As required by Article XIII D, § 6(a), the District notified all customers of the proposed increase in water rates and the effective date. The notice was sent out by U.S. Mail service on August 23, 2012 and the same information was posted on the District's website and at the District office. Additionally, the notice announced a 45-day public comment period which would allow any District customer an opportunity to submit a written protest. Per Article XIII D, § 6(a), if a majority of the District's customers submit a written protest within the 45-day public comment period, the





So Cal Edison Increase	Zone VI	\$ 3.41	\$ 4.73	38.7%	(9.6%) + (1.9%) + (6.2%) + (10.8%) + (17.3%) + (2.5%)
	Zone V	\$ 3.23	\$ 4.40	36.2%	(9.6%) + (1.9%) + (6.2%) + (10.8%) + (17.3%)
	Zone IV	\$ 2.98	\$ 3.83	28.5%	(9.6%) + (1.9%) + (6.2%) + (10.8%)
	Zone III	\$ 2.54	\$ 2.99	17.7%	(9.6%) + (1.9%) + (6.2%)
	Zone II	\$ 2.43	\$ 2.71	11.5%	(9.6%) + (1.9%)
	Zone I	\$ 2.30	\$ 2.52	9.6%	
MWD Increase					

**Cost Increases from the Metropolitan Water District**

Your E-mail incorrectly states the percent of increase from the Metropolitan Water District. Beginning January 1, 2013, Metropolitan will increase the cost of Tier 1 treated water from \$794.00/acre foot to \$847.00 /acre foot (1 Acre Foot = 325,851 Gallons). They have already approved an additional increase to \$890.00 / acre foot beginning January 2014. Although not yet approved, Metropolitan is projecting 3% to 5% increases for the next five years.

Since Rowland Water District is 100% reliant on Metropolitan, our ratepayers are directly impacted by any and all actions approved by their governing body.

You are correct, the rate increase for Zone III does equate to 17.7%. The rate increase accounts for a \$0.22 / HCF for Metropolitan increase, current debt obligations and increased expenses for capital improvement projects, operations and maintenance and District administration. The additional \$0.23 / HCF includes the power component with a projected increase of 8.0% from Southern California Edison.

We are certainly aware, but cannot comment on the rate increases of other utilities. However, it is important to know that most utility increases represent an additional cost to the water distribution process.

When a comparison is made to other utilities, many take for granted the appreciable value added to the community. A customer receiving 22,440 gallons (30 units) of water per month and having the availability of millions of gallons for fire protection costs about a \$3.33 per day.

Please be assured that Rowland Water District is dedicated to keeping water rates as low as possible and is extremely aware of the economic impact higher utility costs have on District customers.

We hope this letter addresses your comments and concerns but please do not hesitate to contact us if you have further questions.

Yours truly,

A handwritten signature in black ink, appearing to read "Ted Carrera", with a long horizontal line extending to the right.

Ted Carrera, Assistant General Manager

For: Ken Deck, General Manager

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# THREE VALLEYS MWD BOARD OF DIRECTORS



## Action Line

For additional information: (909) 621-5568

*The following is a summary of the Three Valleys Municipal Water District's Regular Board Meeting of Wednesday, October 17 2012*

### BOARD MEMBERS

CARLOS GOYTIA  
DIVISION I

DAVID D. DE JESUS  
DIVISION II

BRIAN BOWCOCK  
DIVISION III

BOB G. KUHN  
DIVISION IV

JOSEPH T. RUZICKA  
DIVISION V

JOHN MENDOZA  
DIVISION VI

DAN HORAN  
DIVISION VII

### THREE VALLEYS MWD

1021 E. Miramar Avenue

Claremont, CA 91711

Phone: 909-621-5568

Fax: 909-625-5470

[www.threevalleys.com](http://www.threevalleys.com)

Board Meetings are  
scheduled the first  
and third  
Wednesday of each  
month at 8:00 a.m.

**Public Hearing:** A public hearing was convened to hear testimony regarding the San Antonio Spreading Grounds Conjunctive Use Project, Northerly Pipeline Extension, Project #58439: *To Authorize the Notice of Determination for Addendum No. 1 to the Final Environmental Impact Report.*

**Approved:** Following the conclusion of the public hearing, the board unanimously approved Motion No. 12-10-4891 — To Authorize the Notice of Determination for Addendum No. 1 to the Final Environmental Impact Report for the San Antonio Spreading Grounds Conjunctive Use Project, Northerly Pipeline Extension, Project #58439

**Approved:** As part of its Consent Calendar, Motion No. 12-10-4892 was unanimously carried to receive, approve and file the minutes for September 2012; financial reports for September 2012; authorize general manager to enter into a Memorandum of Understanding with the Los Angeles County Flood Control District for the San Antonio Spreading Grounds Conjunctive Use Project, Northerly Pipeline Extension, Project #58439; authorize general manager to enter into a contract to proceed with the MWD LRP Funding Agreement with California State Polytechnic University, Pomona; authorize the general manager to enter into a reimbursement agreement with the Water Replenishment District of

*This summary may not include all agenda items and should not be construed as minutes of the meeting.*

TVMWD is a water resources management agency that covers approximately 133 square miles and is governed by an elected Board of seven officials. The present population is about 550,000. Since its formation, the Three Valleys Municipal Water District has installed some 37,000 feet of pipeline and delivered more than 175 billion gallons of water.





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Southern California for Water Supply Engineering, Environmental and Technical Services; and approve Resolution No. 12-10-699 — Appointment of Directors In Lieu of Election for Divisions 2, 4, and 7 by the Los Angeles County Board of Supervisors.

**Approved:** Motion No. 12-10-4893 was unanimously carried to approve payment of directors' monthly payment request forms for September 2012.

**Approved:** Motion No. 12-10-4894 was unanimously carried to receive, approve and file the FY 2011-12 Audit and FY 2011-12 Comprehensive Annual Financial Report (CAFR).

**Approved:** Motion No. 12-10-4895 was unanimously carried to approve **cancellation** of the December 5, 2012 workshop board meeting, and adjourn the January 2 and January 16, 2013 board meetings to January 9 and January 23, 2013 respectively. An official notice will be sent to our distribution list.

**Closed Session Report:** The Board met in closed session, to review current issues related to Conference with Legal Counsel—Existing Litigation, Government Code Section 54956.9(a): (A) San Diego County Water Authority v. Metropolitan Water District of Southern California, San Francisco County Superior Court, Case No. CPF-10-510830; (B) San Diego County Water Authority v. Metropolitan Water District of Southern California, et.al., San Francisco County Superior Court Case, No. CPF-12-512466; (C) Center for Biological Diversity, et.al., v. County of San Bernardino Board of Supervisors, et.al., San Bernardino County Superior Court, Case No. 1209218; (D) Rodrigo Briones, et.al., v. Board of Directors Santa Margarita Water District, et.al., San Bernardino County Superior Court, Case No. 1200490; (E) Delaware Tetra Technologies, Inc. v. Santa Margarita Water District, et.al., Orange County Superior Court, Case No. 30-2012-0059-4355-CU-WM-CXC; (F) Citizens and Ratepayers Opposing Water Nonsense v. Santa Margarita Water District, et.al., Orange County Superior Court Case No. 30-2012-0059-5248-CU-WM-CXC; and (G) Conference with Legal Counsel—Anticipated Litigation, Government Code Section 54956.9(b), significant exposure to litigation, one potential case There was no reportable action under the Brown Act.



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Following the closed session, the board was adjourned to its next regular board meeting on Wednesday, November 7, 2012 at 8:00 a.m. at the Three Valleys MWD District Office.

**Upcoming Meeting Dates:**

- Wednesday, November 7, 2012, 8:00 A.M.—TVMWD Board Workshop
- Wednesday, November 21, 2012, 8:00 A.M.—TVMWD Board Meeting

**TVMWD Leadership Breakfast**

Registration now open for the November 1, 2012 Leadership Breakfast with an update by MWD General Manager, Jeff Kightlinger on the Bay Delta Conservation Plan. Please contact the TVMWD office at 909-621-5568 or email Cindy DeChaine at [cdechaine@tvmwd.com](mailto:cdechaine@tvmwd.com) to make your reservation.